

28 April 2021

Daniel McCracken-Hewson  
Competition Exemptions  
Mergers Exemptions and Digital  
Australia Competition and Consumer Commission  
Level 17  
2 Lonsdale Street  
Melbourne Vic 3000

By email

Dear Daniel,

**Gateway Network Governance Body Ltd - Application for Revocation and New Authorisation**

I refer to the authorisations granted on 19 December 2016 to the Association of Superannuation Funds of Australia (ASFA) for certain stewardship arrangements for the Superannuation Transaction Network (STN) being numbers A91548 and A91549.

GNGB was established to exercise oversight over the STN, as contemplated in the 2016 authorisations.

The 2016 authorisations will expire on 10 January 2022.

With the consent of ASFA, GNGB hereby lodges an application for revocation of the 2016 authorisations and substitution by a new authorisation in substantially similar terms to the 2016 authorisations for a further five year period.

The public benefits in support of the application remain broadly consistent with the public benefits identified for the 2016 authorisations.

Please find attached the following:

- Application form for non-merger authorisations; and
- A submission in support of these applications, including interested parties, copies of the MoU and Revised MoU documents, Gateway Standard, as well as details for the consultation.

Please contact me if you require any additional information for the application.

Yours sincerely,



Michelle Bower  
Chief Executive Officer

## APPLICATION FORM: NON-MERGER AUTHORISATION

### Parties to the proposed conduct

1. **Provide details of the applicants for authorisation, including:**

1.1 *Name, address (registered office), telephone number, and ACN*

Gateway Network Governance Body Limited (**GNGB**)  
Level 26, 44 Market Street  
Sydney NSW 2000  
(02) 9089 8710  
ABN 93 615 159 101

1.2 *Contact person's name, position, telephone number, and email address*

Michelle Bower  
Executive Officer

[REDACTED]  
Gateway Network Governance Body Ltd  
www.gngb.com.au

1.3 *A description of business activities*

The primary activities of GNGB are to provide governance oversight to the network for transmission of electronic data messages in the superannuation environment in Australia – referred to as the Superannuation Transaction Network (**STN**).

Refer to **sections 2.4 and 3.1** of the **Supporting Submission** for further detail.

1.4 *Email address for service of documents in Australia.*

Michelle Bower <[REDACTED]>

### Authorisation to be revoked (the existing authorisation)

2. **Provide details of the authorisation sought to be revoked including:**

2.1 *The registration number and date of the authorisation which is to be revoked*

A91548 and A91549 authorised on 19 December 2016.

2.2 *Other persons and/or classes of persons who are a party to the authorisation which is to be revoked*

See **Appendix [A]** of the **Supporting Submission**.

2.3 *The basis for seeking revocation, for example because the conduct has changed or because the existing authorisation is due to expire.*

Existing authorisation due to expire on 10 January 2022.

### Authorisation to be substituted (the new authorisation)

3. **If applicable, provide details of the other persons and/or classes of persons who also propose to engage, or become engaged, in the proposed conduct and on whose behalf authorisation is sought. Where relevant provide:**

3.1 *Name, address (registered office), telephone number and ACN*

3.2 *Contact person's name, telephone number and email address*

3.3 *A description of business activities.*

See **Appendix [A]** of the **Supporting Submission**.

This application is also made with respect to any Gateway Operator or other organisation that becomes bound by the MoU in the future.

#### **The proposed conduct**

#### **4. Provide details of the proposed conduct, including:**

4.1 *A description of the proposed conduct and any documents that detail the terms of the proposed conduct*

Authorisation is sought for GNGB and the Gateway Operators to continue to make and give effect to the amended *Memorandum of Understanding For participants in the Superannuation Transaction Network (Revised MoU)*, and in particular the following provisions:

- (a) the role of the MoU and subsequent revisions to bind each Gateway Operator whose Application is accepted by GNGB (**clause 2**);
- (b) requirements for Gateway Operator Applicants to be recognised as a Gateway Operator and to agree to comply with the MoU, including requirements of solvency and to demonstrate the Gateway Operator's business practices and operations will be sound and secure and not adversely affect the operation of the STN (**clause 3**);
- (c) GNGB's role as undertaking initiatives or taking steps to promote some or all of the goals listed in paragraph 2.4 of the Supporting Submission, noting:
  - (i) GNGB's role to set and apply access rules for the STN, the Gateway Standards and STN Governance arrangements and to amend the MoU and /or Gateway Standards (**clauses 4 and 7**);
  - (ii) the addition of the ability to broaden scope of GNGB under specific circumstances (**clauses 4(i), 4(j)**).
- (d) the rights and obligations of Gateway Operators, with a focus on:
  - (i) the requirement on Gateway Operators to comply with the Revised MoU and the Gateway Standards (**clause 5.1(a)**);
  - (ii) the requirement on Gateway Operators to not adversely affect the STN (**clause 5.1(c)**);
  - (iii) the requirement on Gateway Operators to supply GNGB with information which is reasonably required by GNGB in relation to the STN, the operation of GNGB or the Revised MoU (**clause 5.1(d)**);
- (e) the conduct and attendance of GNGB and Gateway Operators at meetings convened by GNGB to provide a forum for GNGB and Gateway Operators to discuss any aspect of the operation of the STN and any other matter relevant to the Revised MoU (**clause 6**);
- (f) the liability of Gateway Operators to comply with obligations under the Revised MoU and Gateway Standards (**clause 8**);
- (g) the requirement on Gateway Operators to comply with the new procedures in the Revised MoU governing disputes between Gateway Operators (**clause 9**);

- (h) the requirement on Gateway Operators to comply with the new procedures in the Revised MoU governing disputes between a Gateway Operator and GNGB (**clause 10**);
- (i) the powers and remedies available to GNGB for Default events, including probatory powers and termination rights (**clause 11**), and noting:
  - (i) amended identification and assessment of default events (**clauses 11.1, 11.2**);
  - (ii) amended requirements for regulatory reporting for Breach events (**clauses 11.3, 11.6(e)**);
  - (iii) amended and simplified termination process (**clause 11.8**); and
- (j) the requirement to share costs and pay fees (**clauses 5.1(b), 12**).

Gateway Operators who apply to become members of GNGB will be bound by the MoU upon acceptance of the application by GNGB.

Refer to **section 3.1** of the **Supporting Submission** for further detail.

4.2 *An outline of any changes to the conduct between the existing authorisation and the new authorisation*

The 2020 amendments to the MoU, resulting in the Revised MoU are aimed at facilitating a more consultative process between GNGB and the Gateway Operators. The most substantive changes are at clause 4 which allows the Board of GNGB to expand the scope of its activities in future (but only insofar as it relates to GNGB's role in managing the integrity of the STN), clauses 9 and 10 which simplify the disputes process, and clause 11 which streamlines the process for assessment of breach events and determination of remedies.

Refer to **section 3.1** of the **Supporting Submission** for further detail.

4.3 *The relevant provisions of the Competition and Consumer Act 2010 (Cth) (the Act) which might apply to the proposed conduct:*

The following provisions of the Act may apply to the proposed conduct:

- the prohibitions of making or giving effect to contracts, arrangements or understandings that involve cartel conduct (Division 1 of Part IV); and
- the prohibitions of making or giving effect to contracts, arrangements or understandings or concerted practices that have a purpose or an effect, or likely effect, of substantially lessening or hindering competition (s. 45 (1)(a),(b) and (c)).

4.4 *The rationale for the proposed conduct*

The 2016 Authorisation was granted for a five year period and is due to expire in 2021.

Refer to attached **Supporting Submission**.

4.5 *The term of authorisation sought and reasons for seeking this period*

GNGB is seeking a further authorisation period of 5 years. Refer to attached **Supporting Submission**.

5. **Provide documents submitted to the applicant's Board or prepared by or for the applicant's senior management for purposes of assessing or making a decision in relation to the proposed conduct and any minutes or record of the decision made.**

There are no relevant documents falling in this category.

6. **Provide the names of persons, or classes of persons, who may be directly impacted by the proposed conduct (e.g. targets of a proposed collective bargaining arrangement; suppliers or acquirers of the relevant products or services) and detail how or why they might be impacted.**

See **Appendix [B]**.

#### **Market information and concentration**

7. **Describe the products and/or services, and the geographic areas, supplied by the applicants. Identify all products and services in which two or more parties to the proposed conduct overlap (compete with each other) or have a vertical relationship (e.g. supplier-customer).**

Refer to attached **Supporting Submission**.

8. **Describe the relevant industry or industries. Where relevant, describe the sales process, the supply chains of any products or services involved, and the manufacturing process.**

Refer to attached **Supporting Submission**.

9. **In respect of the overlapping products and/or services identified, provide estimated market shares for each of the parties where readily available.**

Refer to attached **Supporting Submission**.

10. **In assessing an application for authorisation, the ACCC takes into account competition faced by the parties to the proposed conduct. Describe the factors that would limit or prevent any ability for the parties involved to raise prices, reduce quality or choice, reduce innovation, or coordinate rather than compete vigorously. For example, describe:**

10.1 *existing competitors*

10.2 *likely entry by new competitors*

10.3 *any countervailing power of customers and/or suppliers*

10.4 *any other relevant factors.*

Refer to **section 4** of the **Supporting Submission**.

#### **Public benefit**

11. **Describe the benefits to the public that are likely to result from the proposed conduct. Provide information, data, documents or other evidence relevant to the ACCC's assessment of the public benefits.**

Refer to **section 5** of the **Supporting Submission**.

#### **Public detriment (including likely competitive effects)**

12. **Describe any detriments to the public likely to result from the proposed conduct, including those likely to result from any lessening of competition. Provide information, data, documents, or other evidence relevant to the ACCC's assessment of the detriments.**

Refer to **section 6** of the **Supporting Submission**.

**Contact details of relevant market participants**

13. **Identify and/or provide names and, where possible, contact details (phone number and email address) for likely interested parties such as actual or potential competitors, key customers and suppliers, trade or industry associations and regulators.**

See **Appendix [A]** and **Appendix [B]**.

**Additional information**

14. **Provide any other information or documents you consider relevant to the ACCC's assessment of the application.**

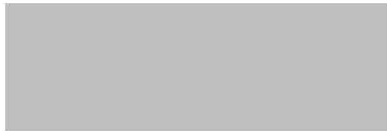
None applicable.

**Declaration by Applicant(s)**

*The undersigned declare that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.*

*The undersigned undertake(s) to advise the ACCC immediately of any material change in circumstances relating to the application.*

*The undersigned are aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the Criminal Code (Cth).*



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Signature of authorised person

Executive Officer

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Office held

Michelle Bower

Name of authorised person

This 28th day of April 2021

*Note: If the Applicant is a corporation, state the position occupied in the corporation by the person signing. If signed by a solicitor on behalf of the Applicant, this fact must be stated*

**Gateway Network Governance Body (GNGB)**

**Submission to Australian Competition and Consumer  
Commission**

in support of the Application for Authorisation under section 88(1)  
of the *Competition and Consumer Act 2010* (Cth)

April 2021

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## 1. Introduction and Overview of Application

On 29 July 2016, the Association of Superannuation Funds Australia (**ASFA**) lodged applications A91548 and A91549 with the ACCC (**2016 Authorisations**). On 19 December 2016, the ACCC granted authorisation to the ASFA to make and give effect to certain provisions of the Memorandum of Understanding between the Gateway Network Governance Body Ltd (**GNGB**) and the Gateway Operators regarding participation in the Superannuation Transaction Network (**STN**). The ACCC granted authorisation until 10 January 2022.

In late 2016, GNGB entered into the Memorandum of Understanding (**MoU**) (in the form foreshadowed in the submission supporting the 2016 Authorisations) with each of the Gateway Operators listed on GNGB's website (<https://www.gngb.com.au/gateway-operators-listing/>).

(See **Appendix [A]** for the list of current participating Gateway Operators).

GNGB hereby applies for revocation of the 2016 Authorisations and replacement with a new authorisation for the conduct of making and giving effect to the relevant provisions of the Revised MoU outlined below for a five year period.

This submission is made by the applicant on behalf of key superannuation industry stakeholder groups who continue to support GNGB's role in overseeing the system for the transmission of electronic data messages in the superannuation environment in Australia - referred to as the STN.

This application is brought with the consent of the original applicant ASFA, and ASFA consents to the revocation and substitution of the 2016 Authorisations. This consent is documented in letter from ASFA at **Appendix [F]**.

As outlined in the submission supporting the 2016 Authorisations, Superannuation Transaction Messages are messages that pass between Gateway Operators in the STN which are required for a superannuation rollover (fund to fund transfer of super benefits) or contribution (employer to fund payment of employee super contributions) in compliance with the *Superannuation Data and Payment Standards 2012 (Data and Payment Standards)*.

The Australian Taxation Office (**ATO**) was formerly the interim steward of the STN. In 2016 the ATO worked with industry to hand over this role to GNGB, which was a specially formed industry-sponsored body.

### **Revised MoU**

In 2020, certain minor changes were made to the MoU resulting in Version 5 of the MoU (**Revised MoU**) to simplify the provisions dealing with disputes, and remedies and to enable the Board of GNGB to expand the scope of its activities in the future.

(See **Appendix [C]** for a copy of the Revised MoU).

The Revised MoU can also be found on GNGB's website (<https://www.gngb.com.au/wordpress/wp-content/uploads/2017/01/MoU-Version-5.0-Final-clean-20200430.pdf>).

GNGB and its Gateway Operators wish to seek a new authorisation for certain provisions of the Revised MoU in accordance with s 91 of the *Competition and Consumer Act 2010* (Cth) (the **Act**) and to revoke the 2016 Authorisations.

Authorisation is sought to make and give effect to the Revised MoU and in particular the following provisions:-

- (a) the role of the MoU and subsequent revisions to bind each Gateway Operator whose Application is accepted by GNGB (**clause 2**);
- (b) requirements for Gateway Operator Applicants to be recognised as a Gateway Operator and to agree to comply with the MoU, including requirements of solvency and to demonstrate the Gateway Operator's business practices and operations will be sound and secure and not adversely affect the operation of the STN (**clause 3**);
- (c) GNGB's role as undertaking initiatives or taking steps to promote some or all of the goals listed in paragraph 2.4, noting:
  - (i) GNGB's role to set and apply access rules for the STN, the Gateway Standards and STN Governance arrangements and to amend the MoU and /or Gateway Standards (**clauses 4, 7**);
  - (ii) the addition of the ability to broaden the scope of GNGB activities under specific circumstances (**clauses 4(i), 4(j)**).
- (d) the rights and obligations of Gateway Operators, with a focus on:
  - (i) the requirement on Gateway Operators to comply with the Revised MoU and the Gateway Standards (**clause 5.1(a)**);
  - (ii) the requirement on Gateway Operators to not adversely affect the STN (**clause 5.1(c)**);
  - (iii) the requirement on Gateway Operators to supply GNGB with information which is reasonably required by GNGB in relation to the STN, the operation of GNGB or the Revised MoU (**clause 5.1(d)**);
- (e) the conduct and attendance of GNGB and Gateway Operators at meetings convened by GNGB to provide a forum for GNGB and Gateway Operators to discuss any aspect of the operation of the STN and any other matter relevant to the Revised MoU (**clause 6**);
- (f) the liability of Gateway Operators to comply with obligations under the Revised MoU and Gateway Standards (**clause 8**);
- (g) the requirement on Gateway Operators to comply with the procedures in the Revised MoU governing disputes between Gateway Operators (**clause 9**);
- (h) the requirement on Gateway Operators to comply with the procedures in the Revised MoU governing disputes between a Gateway Operator and GNGB (**clause 10**);
- (i) the powers and remedies available to GNGB for Default events, including probationary powers and termination rights (**clause 11**) and noting:
  - (i) amended identification and assessment of default events (**clauses 11.1, 11.2**);
  - (ii) requirements for regulatory reporting for Breach events (**clauses 11.3, 11.6(e)**);
  - (iii) amended and simplified termination process (clause 11.8); and
- (j) the requirement to share costs and pay fees (**clauses 5.1(b), clause 12**).

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## 2. Background

### 2.1 SuperStream Reforms

In December 2010, the Commonwealth Government announced the Stronger Super Reforms in response to the recommendations of the Super System Review ("**Cooper Review**"). This included support for the SuperStream recommendations which aimed to enhance the 'back office' of APRA-regulated superannuation funds.

SuperStream included measures for electronic registration, contributions and transfers transactions to reduce the costs and complexity arising from manual processing, lack of standardised formats, and poor and incomplete data.

The reforms have delivered, and are expected to continue to deliver, significant benefits over the longer term for the superannuation industry and ultimately, for fund members, through greater efficiency and reduced processing costs for contributions and rollovers (fund to fund transfers of member account balances).

A digital framework remains increasingly necessary given the volume of messages and movement of employees who may change their employers and superannuation funds a number of times over their working life.

As part of the Stronger Super reforms, the ATO was tasked with facilitating the introduction of the Government's SuperStream measures, which led to the development of a mandated set of common rules for sending registration, contribution and rollover data messages electronically (the **Data and Payment Standards**).

The Superannuation Transaction Network (**STN**) is of central importance to the efficient functioning of the Australian superannuation system.

In the year to December 2020, about 165 million messages were exchanged between employers and funds in respect of rollovers, contributions and changes to fund members' data. It is not feasible or practicable for funds to establish bilateral arrangements with the thousands of employers, and hundreds of other funds across Australia, in order to exchange these messages.

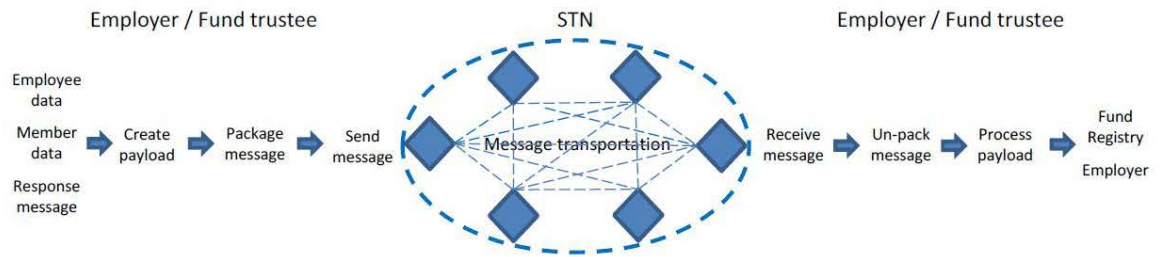
The frequency and volume of those messages necessitates that some type of network is utilised. If the STN is to be managed and funded by industry then a body like GNGB is required to continue monitoring the STN, and to ensure that it is secure and efficient and assists the industry to meet its compliance obligations. The policy requirements behind the Superstream Reforms continue to be developed and improved resulting in changes to messages and parties participating in the STN. For example in 2021, the digitisation of rollovers to Self Managed Super Funds (SMSF's) are a requirement under the Data and Payment Standards, by 31 October.

### 2.2 Superannuation Transaction Network (STN)

The STN consists of a number of "Gateways", which are network entry and/or exit points, operated by 'Gateway Operators' for, or on behalf of, employers and superannuation funds, for the purpose of receiving, routing, switching and packaging the mandated data required in 'rollover' or 'contributions' messages passing between employers and funds, being **Superannuation Transaction Messages**.

Superannuation Transaction Messages are messages that pass between Gateway Operators and are required for a superannuation registration, rollover or contribution in compliance with the *Data and Payment Standards*. However the *Data and Payment Standards* do not mandate operating or security standards for members of the STN.

Federal Government superannuation transactions, such as co-contributions, allocation of lost monies, and transactions facilitated by the small business clearing house, are also transacted via the STN, making government an additional key stakeholder group.



## 2.3 Previous & Existing Governance Arrangements

Within the superannuation industry, there are two key stakeholder groups that are regulated by law:

- Employers are regulated by the ATO and have obligations to comply with Superannuation Guarantee legislation. This includes strict obligations with respect to the timeliness of contributions.
- Superannuation Funds are regulated by APRA and have to comply with superannuation legislation including the *Superannuation Industry (Supervision) Act 1993 Cth (SIS Act)*.

Additionally, by law, both employers and funds are required to comply with the *Data and Payment Standards*, (which is delegated legislation under the *SIS Act*), which mandates that Superannuation transactions must be sent and/or received in a prescribed electronic format and timeframe. In order to fulfil their compliance obligations, employers and funds use the STN.

The key stakeholders in the STN are Gateway Operators.

Gateway Operators are not regulated by the *SIS Act* or the *Data and Payment Standards* but work co-operatively with each other, through a consensual arrangement, being the *Memorandum of Understanding for Participants in the Superannuation Transaction Network (Revised MoU - See Appendix [C])*.

Under the Revised MoU, Gateway Operators make certain commitments to each other regarding various matters, including compliance with the arrangement described in the Revised MoU as the *Superannuation Data and Gateway Services Standards for Gateway Operators transacting within the Superannuation Transaction Network (the Gateway Standards - See Appendix [D])* to ensure ongoing interoperability across the network enabling compliance of Superannuation Funds and Employer organisations..

Prior to the adoption of the MoU and GNGB's incorporation, stewardship of the STN and oversight of the activities of the Gateway Operators was undertaken by the ATO on an interim basis.

## 2.4 Role of GNGB

The establishment of GNGB provided employers and funds with the assurance that the network they use is reliable, secure and efficient.

The Revised MoU created an additional layer of compliance oversight, design enhancements and procedures for enforcement around the Gateway Standards to enhance adherence to those standards.

Clause 4 of the Revised MOU describes the role of GNGB as follows, covering the scope for developments of improvements in the STN:

*The parties acknowledge that GNGB may, in its role in managing the integrity of the Superannuation Transaction Network and in accordance with this MOU and the Gateway Standard, undertake initiatives or take steps to promote some or all of the following:*

- (a) the efficiency and effectiveness of the Superannuation Transaction Network;*
- (b) compliance with Superannuation Transaction Network governance arrangements, including with this MoU and the Gateway Standard as validly amended from time to time;*
- (c) engagement with the Superannuation Transaction Network, as specified in access rules and criteria (including this MoU and the Gateway Standard as amended from time to time), and the management of entry and exit of Gateway Operators;*
- (d) security of the Superannuation Transaction Network through the specification of minimum requirements as set out in this MOU and the Gateway Standard to be met by Gateway Operators and monitoring and enforcement of those requirements;*
- (e) referral of Data and Payment Standard technical matters to the ATO for resolution, where appropriate;*
- (f) engagement with industry and government bodies in respect of any emerging legislative or technological changes that may impact the Superannuation Transaction Network;*
- (g) continuous improvement of the Superannuation Transaction Network;*
- (h) management of an active stakeholder engagement model and regular consultation at strategic and operational levels;*
- (i) should unforeseen circumstances arise (including, for example, legal or regulatory changes and/or a direction or communication from a regulator or applicable governmental body), activities relating to the orderly disengagement from the arrangements described in this MoU in connection with termination, closure or evolution in scope or function of the Superannuation Transaction Network; and*
- (j) identification, consideration and pursuit of further activities that leverage the capabilities of the GNGB, where it is in the interest of Members and Gateway Operators, as determined by the Board.*

The insertions of (i) and (j) in the Revised MoU were to allow GNGB to broaden its scope under specific circumstances. This allows for the Board to determine when it is appropriate to incorporate new initiatives and actions that GNGB should be responsible for or be involved in, noting that these additional activities are in the context of GNGB executing its overarching obligation to manage the integrity of the STN.

While the ATO has continued to be responsible for the administration and enforcement of the *Data and Payment Standards*, GNGB has been responsible for ensuring that participants in the STN meet the Gateway Standards (for Gateway Operator to Gateway Operator data exchange) which it does through its governance framework which includes collaboration, oversight and consultation with its members.

GNGB has used enforcement mechanisms to ensure conformance with the Gateway Standards to protect the integrity of the network and maintain its smooth operation for the benefit of funds, employers and members. Since GNGB began its operations, three members have left the network. Of those three, one did not begin transacting, and one outsourced the function to another organisation (an existing gateway). The other Gateway Operator did not comply with audit requirements and voluntarily left during the Probation period.

## 2.5 GNGB Legal Structure and Membership

GNGB was incorporated on 5 October 2016 as a not-for-profit, public company, limited by guarantee with a constitution setting out the powers, objects and structure of the company, including the establishment and composition of the Board of Directors and Company Secretary.

The legal structure of GNGB remains the same as that proposed in the original authorisation in 2016. The following key stakeholder sectors are represented on the Board of directors in addition to an independent Chair. All nine directors have equal voting rights:

- Superannuation Funds - 3 directors
- Gateway Operators - 3 directors
- Employers - 1 director
- Software Providers - 1 director
- Independent Chair

In addition, the ATO & APRA are regularly invited as observers to all GNGB Board meetings. An ATO representative has attended most meetings subject to their availability. Representatives from APRA do not attend as regularly but GNGB has engaged with the body every 6 months.

The GNGB membership structure has three categories of membership:

**Co-Sponsor members** – made up of the four sponsoring industry association organisations;

**Associate Co-Sponsor member** – being Gateway Association Transaction Exchange (GATE), the Industry Association for Gateway Operators; and

**Gateway members** – Gateway Operators participating in the STN (being those who have signed up to the STN MoU).

As a "not-for-profit" (NFP) entity, GNGB is exempt from income tax, in accordance with section 50-1 of the ITAA 1997.

## 2.6 GNGB Funding

Since GNGB completed its setup by way of the ATO's initial grant of \$2.0 million, funding has moved to the industry self-funded model which was proposed and agreed upon by all parties in 2016.

The long term industry funded model has been administered by the ATO through the use of a Commonwealth grant and has been successfully managed by GNGB. As originally agreed, the annual GNGB funding requirement is split between APRA regulated funds (85%) and Gateway Operators (15%). GNGB has determined these fees on a cost recovery basis.

The "APRA regulated funds" portion is now mandated under s50(1)(a)(iv) of the *Australia Prudential Regulation Authority Act 1998 (APRA Act)*. This utilises the APRA Levy collection mechanism and has been supported by Treasury and the Assistant Treasurer. The Commonwealth grant is for a period of 3 years until 30 June 2021 and GNGB is currently in the process of applying for continued funding.

The remaining 15% of funding has been split between participating Gateway Operators using a methodology developed and proposed by Gateway Operators and agreed by GNGB. Based on this agreed methodology, GNGB invoices Gateway Operators directly on an annual basis. GNGB has not faced any issues with this aspect of funding to date. See **clause 12** of the Revised MoU in **Appendix [C]**.



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### 3. Conduct for which authorisation is being sought

#### 3.1 Revised MoU

Pursuant to the Revised MoU, Gateway Operators have made a commitment to each other and GNGB to meet certain minimum standards in participating in the STN.

The Revised MoU binds GNGB with the Gateway Operators and the Gateway Operators to each other. The Revised MoU continues to refer to the [Gateway Standards](#) as the technical capabilities required for network operation.

The 2020 amendments to the MoU, resulting in the Revised MoU, were aimed at facilitating a more consultative process between GNGB and the Gateway Operators. These changes were based on the experiences GNGB has had since 2016 in operating and managing Gateway Operators.

These changes do not however materially impact the underlying role or functions of the GNGB nor give rise to any additional conduct that may have the effect or purpose of substantially lessening competition in the markets referred to in paragraph 4 below.

Under the Revised MoU, it continues to be the process that Gateways are invited to apply to be **Gateway Operators** and are bound by the Revised MoU upon acceptance of their application by GNGB. Since 2016, GNGB has approved two more members to join the network.

The Revised MoU provides for (among others) the following:

**a) *Application and effect of Revised MoU: Clause 2***

The substance of clause 2 has remained unchanged.

The Revised MoU and its subsequent revisions currently and in future will bind each Gateway Operators whose Application is accepted by GNGB.

**b) *Matters relating to eligibility for admission as a Gateway Operator and participation and discontinuance of participation in the STN: Clause 3***

The essence of this section has remained unchanged in clause 3, and only slight wording and phrasing changes have been made.

Acceptance as a Gateway Operator under the Revised MoU is open to any Gateway Operator applicant as long as they agree to the criteria specified in the Revised MoU. This criteria has not changed.

A Gateway Operator applicant must agree to basic criteria including compliance with the Revised MoU and the Gateway Standards, agree to pay all relevant levies and fees, be financially solvent and submit a completed application form.

Eligibility has not and will not be constrained in any other way. The Board of GNGB is responsible for accepting Gateway Operator applications.

**c) *The role and rights of GNGB: Clause 4 and Clause 7***

The role of GNGB is described in the Revised MoU as undertaking initiatives or taking steps to promote some or all of the goals listed in paragraph 2.4.

As mentioned, GNGB has inserted two new provisions (i) and (j) to Clause 4 to expand the scope of its activities insofar as it relates to its responsibilities in managing the integrity of the STN, under specific circumstances.



Both clauses 4 and 7 also continue to permit GNGB to set and apply access rules for the STN, the Gateway Standards and STN Governance arrangements and to amend the MoU and / or Gateway Standards.

**d) *Rights and obligations of Gateway Operators: Clause 5***

Clause 5 has not changed. Gateway Operators must comply with any applicable laws, the Revised MoU and the Gateway Standards. They must also pay all relevant fees and not adversely affect the integrity and security of the STN according to clauses 5.1(b) and (c).

A key obligation for Gateway Operators remains as the requirement to supply GNGB with all information requested by GNGB within a reasonable time, provided such information is in relation to the STN, the operation of GNGB or the Revised MoU.

Gateway Operators also must only use the STN to exchange Superannuation Transaction messages with a person who is a Gateway Operator under the Revised MoU at the time of exchange.

**e) *Meetings of GNGB and Gateway Operators: Clause 6***

Clause 6 has not changed. Meetings of the parties to the Revised MoU (the **Gateway Operator Meetings**) are held regularly with such frequency as determined and notified by GNGB, having reasonable regard to the submissions of each Gateway Operator.

The purpose of a Gateway Operator Meeting is to provide a forum for GNGB and each Gateway Operator to discuss any aspect of the operation of the STN and any other matters relevant to participation in the Revised MoU.

**f) *Further matters concerning governance and liability: Clause 8***

Clause 8 has not changed. Parties to the MoU represent and warrant to each other Gateway Operator that amongst other things, they have the authority to enter into and comply with the duties and obligations imposed by the Revised MoU and the Gateway Standards and the duties, in accordance with all applicable laws.

**g) *New processes for resolution of disputes with GNGB and with Gateway Operators: Clause 9 and Clause 10***

The 2020 changes to the MoU include splitting the disputes section into two separate clauses and were developed with the aid of the Australian Disputes Centre with a view to simplifying the disputes process.

GNGB has also revoked the referral of disputes to a resolution sub-committee appointed by the GNGB Board called the "Resolution Group" to this end. The Resolution Group has never been evoked since GNGB began its operations.

The Revised MoU now distinguishes between Disputes between Gateway Operators (**GO Disputes in Clause 9**) and Disputes involving GNGB (**GNGB Disputes in Clause 10**). The purpose of this distinction is to remove any perceived or actual conflict that may occur as a result of GNGB's role administering disputes where GNGB is a party.

**Disputes between Gateway Operators**

Clause 9 details the process for identifying, resolving and escalating Disputes between Gateway Operators, as well as the associated costs. The new process is aimed at simplifying the operational application of the Disputes process to encourage a timely and low cost avenue for GO Disputes. The disputes process provides that:

*Clause 9.2 - Resolution of GO Disputes*

- Gateway Operators must make reasonable efforts to engage with their counterparts in a dispute and resolve it through commercial discussions;

- If that fails, Gateway Operators must provide a written "GO Dispute Notice" with particulars of the dispute to the other party;
- If the disputing parties fail to resolve the Dispute within 10 business days, the CEOs or their nominees must meet to resolve the Dispute;
- If the Dispute is not resolved within 20 days, a party may refer the Dispute to GNGB or pursue other means including legal action; and
- The GNGB Board may publish additional procedures for parties to follow in relation to the resolution process.

*Clause 9.3 - GNGB Board Escalation*

- The GNGB Board may consider the Dispute at the next meeting to form a temporary sub-committee to make a determination or decide that the Dispute is outside the scope of GNGB's administration of the Revised MoU;
- The sub-committee must undertake reasonable consultation and consider submissions from Disputing Parties; and
- The Board or sub-committee may make a binding or non-binding recommendation, or determine the dispute is outside their scope.

GNGB notes that there is greater flexibility within this approach for it to consider whether a GO Dispute is within its purview and the method of escalation required. GNGB's Board can also obtain advice from subject matter experts to aid in a determination.

**Disputes involving GNGB**

Clause 10 addresses Disputes involving GNGB, with the inclusion of a compulsory mediation process and provisions in relation to legal proceedings and injunctive or declaratory relief. The purpose of this section is to create an independent avenue for Gateway Operators to raise a Dispute with GNGB while minimising any conflict arising from GNGB's involvement as a party. The process provides that:

*Clause 10*

- A Gateway Operator claiming a GNGB Dispute must use reasonable efforts to engage with the Executive Officer of GNGB to resolve the issues, otherwise they may lodge a GNGB Dispute Notice and must meet to attempt to resolve the dispute within 10 business days;
- If this fails, the Gateway Operator CEO and the GNGB Chair or their nominee must attempt to reach a resolution within 20 business days;
- The Gateway Operator may refer the GNGB Dispute to mediation by way of a written notice dispute issued to the Australian Disputes Centre that complies with the Australian Disputes Centre's Guidelines for Commercial Mediation. The Gateway Operator cannot commence legal action unless it has attempted to mediate first; and
- Nothing prevents any party from seeking urgent injunctive or declaratory relief without first attempting to resolve the dispute.

**h) Assessment and Notification of Default Events by Gateway Operators: Clauses 11.1, 11.2 and 11.3**

Changes were made to Clause 11 with a view to providing GNGB's Board with more discretion where there is a default event, and using a Risk Assessment framework to determine appropriate remedies which are aligned to the risk to the STN.

Any Gateway Operator may report breaches of the Revised MoU or the Gateway Standards, and now also failures or refusals to give effect to a binding determination of the GNGB Board in relation to a GO Dispute, by another Gateway Operator to GNGB. GNGB may also identify facts or circumstances that constitute a Default Event.

Certain processes are then to be followed by GNGB to investigate the complaint and consult with the Gateway Operator concerned.

The previous iteration of the MoU required a "strict liability" approach to all events of default under the MoU, including those breaches of a minor or trivial nature. This included mandatory notification of a Default Event to the ATO and APRA. The revised MoU gives the GNGB greater discretion determine a remedy proportionate to the nature and effect of the default, including the circumstances under which third party notification including to regulators and other Gateway Operators is required.

If the Default Event is not resolved, this may lead to the termination or probation of the relevant Gateway Operator, pursuant to the dispute resolution process. Such a probation will not be considered Confidential Information.

**i) *Powers of probation of participation by Operators that do not comply with the STN procedures: Clauses 11.4, 11.5, 11.6 and 11.7***

The Revised MoU did not materially change any aspect of the probation process in Clause 11. Since GNGB began its operations, the Board has only handled two probation events which were resolved in line with the MoU's procedure.

GNGB oversees compliance by Gateway Operators with the Gateway Standards in the interests of all users and of the security and efficient operation of the STN.

GNGB has powers under the Revised MoU to place a non-compliant Gateway Operator on probation for a specified or indefinite period of time in circumstances including:

- by agreement with the Gateway Operator;
- if the Gateway Operator no longer satisfies all applicable requirements for participation in the Revised MoU;
- if the Gateway Operator breaches a material obligation under the Revised MoU or the Gateway Standards; or
- if the Gateway Operator engages in conduct regarded by GNGB to be contrary to the efficient, reliable and secure operation of the STN.

**j) *Powers of termination of participation by Operators that do not comply with the STN procedures: Clause 11.8***

The Revised MoU retains the pre-existing process of termination and provides for a new appeals process in Clause 11.

GNGB may, by notice in writing to a Gateway Operator, terminate the Gateway Operator's participation in the Revised MoU and the STN if:

- a **Probation Event** has occurred in respect of that Gateway Operator and the facts or circumstances giving rise to that Probationary Event have not been remedied to the satisfaction of GNGB within 30 days;
- the Gateway Operator has been placed on probation and another Probation Event occurs in respect of the Gateway Operator and the facts or circumstances giving

rise to that Probationary Event have not been remedied to the satisfaction of GNGB within 30 Business Days;

- GNGB has determined that the Gateway Operator's continued role as a participant would adversely impact the operation, integrity or reputation of the STN or any part of it, or have an adverse impact on another Gateway Operator or GNGB within 30 Business Days;
- the Gateway Operator engages in fraud (immediate termination permitted); or
- an Insolvency Event occurs in respect of the Gateway Operator (immediate termination permitted).

The Revised MoU details a more comprehensive termination appeals system which is intended to simplify the process. Clause 11.8 provides that:

- The **Pending Termination Period** has been lengthened from 15 to 30 Business Days to include time for an appeal. The timeframe is split as follows:
  - The Gateway Operator has 10 days to respond to the Termination Notice via a submission to GNGB;
  - GNGB will consider the submission and either revoke or confirm the Termination Notice within 5 days; and
  - The Gateway Operator has 15 days for appeal if required.
- A Gateway Operator may refer the Termination to an independent and binding arbitration and must bear the costs in respect of the arbitration process;
- GNGB may consider extending the Pending Termination Period to a maximum of 45 Business Days if the arbitration will not be concluded before the end of the Period;
- During the Period, GNGB may invoke the business continuity procedures of the STN to protect the STN from immediate harm.

***k) Fees for Gateway Operators: Clause 5.1(b) and Clause 12***

The Revised MoU does not alter the MoU's provisions in relation to fees which Gateway Operators are obliged to pay according to clause 5.1(b).

Clause 12 details the manner of these fees and requires Gateway Operators to pay to GNGB an annual operating fee representing a pre-determined share depending on the anticipated costs of administering the Revised MoU over the relevant period. Each Gateway Operator's individual portion of the annual fee will be determined as detailed in Schedule 3 of the Revised MoU, or as agreed in writing between all Gateway Operator representative directors on the GNGB Board and notified in an updated schedule.

The process for gross ups for GST supplies by GNGB also remains unchanged.

### **3.2 Parties engaging in the Proposed Conduct**

The founding parties to the Revised MoU are included in **Appendix [A]**.

These parties share a common interest in the efficient, reliable and secure operation of the STN and they represent the interests of gateways, employers, software service providers and superannuation funds.

Authorisation is also sought in respect of any future parties who agree to join the Revised MoU and participate as a Gateway Operator.

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## **4. Areas(s) of competition/ relevant market(s)**

### **4.1 Markets**

This application relates to the following markets which are considered to be national in scope:

- (a) the market for the supply of retail superannuation services by Australian superannuation funds to fund members, who will benefit from the enhanced STN in terms of greater efficiency of rollover and other messages; and
- (b) the market for the supply by Gateway Operators of messaging services to Australian Superannuation funds and employers, who will directly participate in and benefit from the STN.

### **4.2 How the STN has and will develop with or without the proposed conduct?**

As noted in the Original Application of 2016, without the MoU, governance of the STN would not have had adequate oversight and enforcement provisions. Without the Revised MoU, there is concern that:

- (a) The protections available to superannuation funds and employers in the transfer of funds by Gateway Operators will be less effective than those proposed under the Revised MoU. The governance framework which allows for disciplinary measures (including probation and termination) provides additional incentives for Gateway Operators to adhere to the Revised MoU and Gateway Standards, ensuring the maximisation of protections benefiting all stakeholders, being government, employer, superannuation funds and consumer groups.
- (b) There would be less oversight and governance of STN Gateway Operators, which might lead to system inefficiencies or weaknesses or a lack of trust, and ultimately bring about a need for increasing the governance burden by government which was passed to GNGB.
- (c) There is less accountability and transparency in Gateway Operator activities than there would otherwise be, resulting in a potential for reduced confidence in the integrity and safety of the STN.

The explicit self-governance framework of the Revised MoU will ensure that Gateway Operator activities are more accountable and transparent, thereby increasing confidence in the STN and transfers system, which in turn is reflected in the level of confidence in the superannuation system.

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## 5. Benefits

### 5.1 Public benefits

As outlined at 5.1 of the Original Application of 2016, there have been substantial benefits arising from the Revised MoU.

In the absence of explicit legislation governing the Gateway Operators' participation in the STN, the public benefits which are associated with the framework agreement include:

- (a) security and integrity of the STN, by ensuring standards are set across the network for the efficient transfer of data and payments links over the STN, from both employers to funds and inter-fund transfers through a set of standards for Gateway Operator behaviour, ultimately to achieve the intent of the SuperStream measures to increase efficiency and drive down system costs for superannuation members;
- (b) greater overall responsibility for industry stakeholders through an industry sponsored governance regime, reducing the need for government oversight;
- (c) a more formal sustainable self-funded structure better able to drive additional efficiency enhancements in the future; and
- (d) a more formal structure to provide for better consultation with all stakeholders including industry, employer groups, consumers and government.

GNGB is not aware of any complaints in relation to the Revised MoU. In the period since GNGB began its operations, there have been no breaches of data or data leakages from the STN.

Furthermore, the Revised MoU will not increase barriers to entry, given that application by new Gateways to be a party to the Revised MoU is not materially restricted or difficult.

Access to the STN is and will continue to be open to all relevant industry participants, i.e. any new Gateway. GNGB has not rejected any applications by any solvent Gateway Operator that commits to compliance with the Gateway Standards and demonstrates interoperability.

The STN is of central importance to the efficient functioning of the Australian superannuation system. Each year about 165 million messages are exchanged between employers and funds in respect of rollovers, contributions and changes to fund members' data. The frequency and volume of those messages necessitates that some type of network is utilised. If the network is to be managed and funded by industry then a body such as GNGB is required to continue monitoring the STN, and to ensure that it is secure and efficient and assists the industry to meet its compliance obligations.

All Australian superannuation funds previously relied on Gateway Operators to undertake this electronic messaging via the STN. It is not feasible or practicable for funds to establish bilateral arrangements with the thousands of employers, and hundreds of other funds across Australia, in order to exchange these messages.

There are around 180 APRA-regulated funds and 598,000 SMSFs (which may receive contributions from employers and / or rollovers from other funds). This includes pass through arrangements whereby a default fund may be required to pass on messages received from an employer to another fund chosen by a member/employee. The annual value of the contributions between funds and employers, which are the subject of the messages transmitted via the STN is approximately \$105 billion.<sup>1</sup>

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<sup>1</sup> Australian Prudential Regulation Authority, 'Annual fund-level superannuation statistics June 2020' (Statistic Report, December 2020).

The public benefits associated with the Revised MoU are therefore considerable. In 2017, the ATO released the SuperStream Benefits Report which noted that the SuperStream reforms have realised efficiencies of approximately \$800 million per year, comprising about \$400 million per year for employers and a further \$400 million per year for funds.<sup>2</sup> The additional estimated benefit for members is estimated at \$2.4 billion savings per annum. See **Appendix [E] for a copy of the SuperStream Benefits Report.**

The Report further notes that the emergence of a network of messaging gateway providers sits at the core of the Superstream's benefits. Without GNGB's role in overseeing the network and ensuring operational efficiency, it is likely that the SuperStream reforms could not have realised such significant savings.

The public benefits have been and are likely to continue to be substantial.

The SuperStream concept was introduced because, prior to the proposed reforms, there were some \$5 billion in administration costs across the industry which needed to be addressed. It was estimated by the Cooper Report that the SuperStream reforms as a whole would result in a 20% or \$1 billion saving to the superannuation industry. Whilst it is difficult to quantify the portion of this saving that is relatable solely to the STN and GNGB, the Revised MoU is a necessary and integral element of achieving those savings for electronic messaging and fast processing of rollovers and contributions, ultimately benefiting superannuation members.

Importantly most of this efficiency will be derived within the funds. Previously any inter fund transfers and rollovers could take up to a period of 6 weeks to be processed. However, with electronic messaging via the STN, funds are able to meet their regulatory obligations that now require rollovers to be processed within 3 days. This reduced time delivers significant benefits to members in their funds being quickly reinvested into investments in receiving funds as early as possible.

The Revised MoU will therefore assist to continue delivering significant public benefits to Australian superannuation members.

These benefits must be recognised under an appropriate governance framework such as that under the Revised MoU.

## **5.2 Beneficiaries**

The Revised MoU has multiple beneficiaries:

- (a) superannuation funds and employers that use the STN to meet their superannuation obligations;
- (b) Australian superannuation fund members who rely on an efficient and secure superannuation industry and network; and
- (c) Gateway Operators themselves through increased confidence in their products and the efficiency of their services.

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<sup>2</sup> Australian Taxation Office, 'SuperStream Program Benefits Report' (Report, August 2017) p. 5.



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## **6. Public Detriments**

As noted in the Original Application of 2016, the MoU is not anti-competitive and the Revised MoU has, and will continue to, not pose any significant detriments.

Rather, the MoU and Revised MoU have given rise to significant public benefits as outlined above.

Nothing in the Revised MoU prevents or restricts Gateway Operators from competing for the business of providing data services to superannuation entities and funds, nor does it preclude employers and superannuation funds from establishing other arrangements outside the scope of the STN.

As noted above, the Revised MoU will not impose nor increase barriers to entry given that application by new Gateways to be a party to the Revised MoU is not materially restricted or difficult. Access to the STN and GNGB arrangements will be open to all relevant Gateways which are solvent, reputable and who commit to compliance with the Gateway Standards.

GNGB has not rejected any applications by any solvent Gateway Operator that commits to compliance with the Gateway Standards and demonstrates interoperability. Since GNGB began its operations, three members have left the network. Of those three, one did not begin transacting, and one outsourced the function to another organisation (existing gateway). The other Gateway Operator did not comply with audit requirements and voluntarily left during the Probation period.

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## **7. Term of the Authorisation**

GNGB is seeking a further authorisation period of five years.

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## Appendix A - Parties Engaging in the Conduct

The two key parties engaging in the Revised MoU are:

- Gateway Operators (current Gateway Operator details as listed below or any other organisation which becomes a party to the Revised MoU in the future); and
- The Gateway Network Governance Body (GNGB).

List of current Gateway Operators (signatories to the Revised MoU):

<b>Name</b>	<b>ABN</b>	<b>Email Address</b>	<b>Address</b>
ClickSuper	48 122 693 985	[REDACTED]	Level 4, 8-10 Loftus St Sydney NSW 2000
GBST	85 010 488 874	[REDACTED]	Level 24, 259 George St, Sydney NSW 2000
IRESS Pty Ltd	47 060 313 359	[REDACTED]	385 Bourke Street, Melbourne VIC 3000
MessageXchange	73 076 521 161	[REDACTED]	Level 3, 488 Bourke St, Melbourne VIC 3000
Oban Pty Ltd	18 163 365 080	[REDACTED]	Suite 414, 89 High Street South, Kew VIC 3101
Ozedi	47 167 142 672	[REDACTED]	Level 2, 1 Queens Road, Melbourne VIC 3004
Sunsuper	98 503 137 921	[REDACTED]	Level 5, 30 Little Cribb St, Milton QLD 4064
SuperChoice	78 109 509 739	[REDACTED]	35 Clarence Street, Sydney NSW 2000
Westpac Institutional Bank	33 007 457 141	[REDACTED]	275 Kent Street, Sydney, NSW 2000

## Appendix B - Other Impacted Parties

### GNGB Co-Sponsor Members

Name	Address	Business Activity
Australian Business Software Industry Association (ABSIA)	217 Flinders Street, Adelaide 5000	Software Industry Association
Australian Institute of Superannuation Trustees (AIST)	215 Spring St., Melbourne VIC 3000	Fund Industry Association
Financial Services Council (FSC)	Level 24, 44 Market St, Sydney NSW 2000	Fund Industry Association
Gateway Association and Transaction Exchange (GATE)	PO Box 642 Willoughby NSW 2068	Gateway Operator Industry Association
The Association of Superannuation Funds of Australia (ASFA)	Level 11, 77 Castlereagh Street, Sydney NSW 2000	Fund Industry Association

### Other Parties

Name	Address	Business Activity
Australian Prudential Regulation Authority (APRA)	12/1 Martin Pl, Sydney NSW 2000	Super Industry Regulator and Supervisor
Australian Taxation Office (ATO)	1/32 Martin Pl, Sydney NSW 2000	Superstream Regulator and Administrator
Australian Chamber of Commerce and Industry (ACCI)	Level 3, 24 Brisbane Avenue, Barton ACT 2600 Level 2, 150 Collins Street, Melbourne VIC 3000	Employer Industry Association
Class Super	Level 3, 228 Pitt St, Sydney NSW 2000	Self Managed Super Fund Association
SMSF Association	Adelaide Head Office Level 1, 366 King William St Adelaide SA 5000	Industry Association representing Self Managed Superannuation Fund Trustees, whose transactions will pass through the STN.

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## Appendix C - Revised MoU

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# **Memorandum of Understanding**

For participants in the Superannuation  
Transaction Network

Version 5.0

Made between

Gateway Network Governance Body Ltd

and

the **Gateway Operators** described in clause 2(a)

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Date:

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## Parties

Made between the **Parties**, a **Party** being GNGB and each Gateway Operator whose Application has been accepted by GNGB in accordance with clause 0 of this MoU.

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## Background

- A The Data and Payment Standard is a statutory instrument that establishes the Australian Government legislated standard for superannuation data and payments. It was developed to ensure that employers and trustees of APRA-regulated superannuation entities comply with certain requirements in relation to the processing of Superannuation Transactions.
- B The Gateway Network Governance Body (**GNGB**) was established in October 2016 to provide a formal self-governance regime and framework for Gateway Operators providing services to employers and superannuation funds for the purposes of meeting the requirements of the Data and Payment Standard,
- C This Memorandum of Understanding (**MoU**), as amended from time to time in accordance with its terms:
- (i) regulates participation in the Superannuation Transaction Network between Gateway Operators (and associated activities, including connecting to, exchanging Superannuation Transaction Messages over and communicating with other Gateway Operators using, the Superannuation Transaction Network);
  - (ii) implements the self-governance framework, which will regulate participation in the Superannuation Transaction Network to be administered by GNGB and address related matters; and
  - (iii) implements, and requires each Gateway Operator to comply with, the Gateway Standard and any other instrument or document issued by GNGB under this MoU from time to time.

### The parties agree

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## 1 Defined terms and interpretation

### 1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Superannuation Legislation, but is not defined in the Dictionary, has the meaning given to it in the Superannuation Legislation; and
- (c) which is defined in the Gateway Standard, but is not defined in the Dictionary or the Superannuation Legislation, has the meaning given to it in the Gateway Standard.



## 1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this MoU.

## 1.3 Inconsistencies

If a provision of this MoU is inconsistent with a provision of the Gateway Standard, the following descending order of priority will prevail:

- (a) this MoU; and
- (b) the Gateway Standard.

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## 2 Application and effect

- (a) This MoU is legally binding on each Gateway Operator whose Application has been accepted by GNGB.
- (b) An Application is accepted by GNGB by GNGB providing written notice of such acceptance to the relevant Gateway Operator, and takes effect from the date specified in that notice as provided in clause 3.2.
- (c) This MoU, together with the Gateway Standard, takes effect:
  - (i) as a contract under seal between:
    - (A) GNGB and each Gateway Operator; and
    - (B) collectively, and as between each of them, those Gateway Operators whose Application has been accepted by GNGB; and
  - (ii) in either scenario, on and from the date that GNGB accepts the relevant Gateway Operator's Application as contemplated in clause 0.
- (d) This MoU continues in respect of each such party until such time as that party's participation in this MoU is terminated in accordance with its terms. The termination of a Gateway Operator does not affect the effectiveness or validity of the contract created by this MoU in respect of the continuing parties.
- (e) Each Gateway Operator acknowledges that it is bound to comply with, and fulfil and perform, the obligations and duties imposed on it by or pursuant to this MoU and the Gateway Standard.
- (f) This version of the MoU takes effect in accordance with clause 7.1(a) at the time determined according to that clause, and replaces and supersedes its previous versions. In respect of a new Gateway Operator that is not a party to the existing *Memorandum of Understanding for Participants in the Superannuation Transaction Network - Version 4* dated 22 September 2016 but whose Application is accepted by GNGB after the date of notification of amendment of the MoU under clause 7.1(a) and before the date such notification is to come into effect under clause 7.1(b), that Gateway Operator will be subject to Version 4 dated 22 September 2016 until the date that such notification comes into effect (under clause 7.1(b), following which date this version of the MoU will apply to that Gateway Operator.

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## 3 Acceptance as Gateway Operator

### 3.1 Eligibility

To be a Gateway Operator a person must:

- (a) agree to comply with any applicable laws, this MoU and the Gateway Standard;
- (b) agree to pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Gateway Operators in accordance with clause 12 of this MoU;
- (c) agree that on becoming a Gateway Operator, this MoU and the Gateway Standard will constitute a contract under seal between it and:
  - (i) GNGB; and
  - (ii) each current and future Gateway Operator;
- (d) demonstrate, to the reasonable satisfaction of GNGB, that its business practices and operations will be sound and secure and will not adversely affect the integrity, security, efficiency, reliability and stability of the Superannuation Transaction Network;
- (e) be solvent (within the meaning given to that term in the Corporations Act) and otherwise able to meet the financial and other obligations imposed on Gateway Operators by this MoU and the Gateway Standard;
- (f) meet any other entry criteria prescribed within the Gateway Standard; and
- (g) submit a completed Application which is accepted by GNGB.

### 3.2 Application

- (a) Applications must be addressed to GNGB and must be substantially in the form of Schedule 2 to this MoU or such other form that GNGB may approve from time to time.
- (b) GNGB will not unreasonably withhold approval of Applications by any Applicant who fulfils the eligibility criteria described in clause 3.1.
- (c) Applicants must:
  - (i) comply with all the conditions of application as are specified in this MoU;
  - (ii) provide sufficient information to demonstrate that the Applicant satisfies the requirements contained in clause 3.1; and
  - (iii) promptly supply any other information which GNGB may reasonably require, provided that such information is reasonably required by GNGB in relation to the Superannuation Transaction Network or operation of GNGB or this MoU and will be treated by GNGB in accordance with such privacy requirements and commercial confidentiality conditions as reasonably specified by the relevant Applicant.

- (d) An Applicant who has submitted an Application to participate but has not been informed by GNGB of the result of its Application may withdraw the Application at any time prior to its acceptance by GNGB.
- (e) Where GNGB accepts an Application pursuant to clause 2(b) and this clause 3.2, GNGB must:
  - (i) also promptly notify all other Gateway Operators who are (at that time) parties to this MoU of each new successful Application and the date on which the new Gateway Operator will be entitled to commence participation in the Superannuation Transaction Network; and
  - (ii) provide a written notice to the Applicant that their Application has been accepted and specify the effective date, on and from which effective date that Applicant will be a Gateway Operator.
- (f) If an Application is not accepted the GNGB must notify the Applicant in writing within 10 days of GNGB making that decision. Any such Applicant is entitled:
  - (i) to challenge that decision within 3 months pursuant to clause 10; or
  - (ii) at any time to lodge a fresh Application for participation in accordance with this MoU.

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## 4 Role of GNGB

The parties acknowledge that GNGB may, in its role in managing the integrity of the Superannuation Transaction Network, in accordance with this MoU and the Gateway Standard, undertake initiatives or take steps to promote some or all of the following:

- (a) the efficiency and effectiveness of the Superannuation Transaction Network;
- (b) compliance with Superannuation Transaction Network governance arrangements, including with this MoU and the Gateway Standard as validly amended from time to time;
- (c) engagement with the Superannuation Transaction Network, as specified in access rules and criteria (including this MoU and the Gateway Standard as amended from time to time), and the management of entry and exit of Gateway Operators;
- (d) security of the Superannuation Transaction Network through the specification of minimum requirements as set out in this MOU and the Gateway Standard to be met by Gateway Operators and monitoring and enforcement of those requirements;
- (e) referral of Data and Payment Standard technical matters to the ATO for resolution, where appropriate;
- (f) engagement with industry and government bodies in respect of any emerging legislative or technological changes that may impact the Superannuation Transaction Network;
- (g) continuous improvement of the Superannuation Transaction Network;
- (h) management of an active stakeholder engagement model and regular consultation at strategic and operational levels;

- (i) should unforeseen circumstances arise (including, for example, legal or regulatory changes and/or a direction or communication from a regulator or applicable governmental body), activities relating to the orderly disengagement from the arrangements described in this MoU in connection with termination, closure or evolution in scope or function of the Superannuation Transaction Network; and
- (j) identification, consideration and pursuit of further activities that leverage the capabilities of the GNGB, where it is in the interests of Members and Gateway Operators, as determined by the Board.

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## 5 Rights and obligations

### 5.1 Obligations of Gateway Operators

Gateway Operators must:

- (a) comply with any applicable laws, this MoU and the Gateway Standard;
- (b) pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Gateway Operators in accordance with clauses 9.7 and 12 of this MoU;
- (c) not adversely affect the integrity, security, efficiency, reliability and/or stability of the Superannuation Transaction Network;
- (d) supply GNGB with all information requested by GNGB from time to time, within a reasonable time from the date of the request, provided that such information is reasonably required by GNGB in relation to the Superannuation Transaction Network or operation of GNGB or this MoU and will be treated by GNGB in accordance with such privacy requirements and commercial confidentiality conditions as reasonably specified by the relevant Applicant or Gateway Operator; and
- (e) use best endeavours to attend Gateway Operators Meetings as outlined in clause 6 (**Gateway Operators Meetings**).

### 5.2 Rights to Exchange Messages

- (a) Subject to clause 5.2(b), Gateway Operators may only use the Superannuation Transaction Network to exchange (including, sending or receiving) Superannuation Transaction Messages with a person who is, at the time of such exchange, also a Gateway Operator under this MoU, in accordance with the applicable requirements described in this MoU or the Gateway Standard.
- (b) Nothing in clause 5.2(a) will prevent a Gateway Operator from exchanging (including, sending or receiving) messages relating to a Superannuation Transaction:
  - (i) with a person who is not also a Gateway Operator under this MoU, but solely to the extent such exchange is required to be made with that person, in a particular format, so that a Superannuation Entity on whose behalf that Gateway Operator is acting in connection with that exchange of messages remains in compliance, in relation to that exchange, with the Superannuation Industry (Supervision) Act 1993 (Cth), any associated regulations or standards made under it or other applicable legislation;
  - (ii) with the ATO Small Business Clearing House (or such future equivalent replacement or successor organisation);

- (iii) with the Australian Taxation Office, in connection with the Superannuation Transaction Network and related services; or
  - (iv) with the prior consent of GNGB.
- (c) Without limiting clauses 8.2 or 8.3 in any way, each Gateway Operator who exchanges messages relating to a Superannuation Transaction with a person who is not also a Gateway Operator under this MoU pursuant to clause 5.2(b)(i) assumes all risk and responsibility in connection with that exchange.

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## 6 Gateway Operators Meetings

### 6.1 Gateway Operators Meetings

- (a) The parties will use their reasonable endeavours to cause to occur regular Gateway Operators Meetings, comprising a representative from each Gateway Operator who is a party to this MoU from time to time and such other representatives nominated from GNGB (which will typically include at least a person nominated by GNGB to act as chairperson and another to act as meeting secretary) (**Gateway Operators Meeting**). Such meetings may occur regularly with such frequency as determined and notified by GNGB, having reasonable regard to the submissions of each Gateway Operator.
- (b) GNGB may, on no less than 10 Business Days' written notice to all Gateway Operators, convene a Gateway Operators Meeting. An agenda and relevant supporting documents are required to be issued to each other Gateway Operator and GNGB by any person seeking to raise a particular issue for discussion 5 Business Days before each meeting.
- (c) Both GNGB and Gateway Operators are entitled to attend all Gateway Operators Meetings and may be heard on any matter.
- (d) The purpose of a Gateway Operators Meeting is to provide a forum for GNGB and each Gateway Operator to discuss any aspect of the operation of the Superannuation Transaction Network and any other matters relevant to participation in this MoU.

### 6.2 Postponement or Cancellation of Meeting

GNGB may postpone or cancel a Gateway Operators Meeting as it considers appropriate. In postponing or cancelling a Gateway Operators Meeting, GNGB must give as much notice as is reasonably possible in all the circumstances of the postponement or cancellation of that Gateway Operators Meeting, to all participants in that Gateway Operators Meeting.

### 6.3 Other meetings

- (a) The parties may agree to convene other meetings or working groups (such as technical or operational sub-committees) as may be necessary or desirable from time to time, having regard to the promotion of the objectives described in the Background to this MoU and with the consent of GNGB. Such consent will not be unreasonably withheld by GNGB, however GNGB shall be entitled (but not required) to attend or not attend any such additional meeting or groups as it determines.
- (b) Nothing in this clause 6 precludes the Gateway Operators from holding other meetings without the participation of GNGB.

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## 7 Amendment of MoU and Gateway Standard

### 7.1 Amendment of MoU

- (a) Subject to obtaining the approval of the GNGB Board (by way of 75% majority), GNGB may amend this MoU from time to time by providing no less than 6 months' notice to each Gateway Operator, unless a shorter timeframe is otherwise agreed by all Gateway Operators at a Gateway Operators Meeting, (which notice may be given by way of sending a notice to each Gateway Operator and publishing such amendments on the website maintained by GNGB).
- (b) Any amendments made pursuant to clause 7.1(a) take effect on and from the expiry of the notice period set out in clause 7.1(a).

### 7.2 Amendment of Gateway Standard

- (a) Subject to obtaining the approval of the GNGB Board by way of 75% majority, GNGB may amend and publish from time to time the Gateway Standard containing practices, procedures, standards and/or specifications relating to all or any aspects of the Superannuation Transaction Network.
- (b) GNGB will procure that any amendment made to the Gateway Standard by GNGB is notified to Gateway Operators no less than 6 months' prior to that variation taking effect. GNGB will publish all amendments to the Gateway Standard on the GNGB website.
- (c) The Gateway Standard may also be amended through the following Binding Implementation Practice Process (**BIP**) process:
  - (i) any Gateway Operator who is a current participant in the Superannuation Transaction Network may prepare a change proposal detailing proposed amendments to the then current version of the Gateway Standard and table that change proposal at a Gateway Operators Meeting for discussion and review;
  - (ii) the attendees of that Gateway Operators Meeting may (in that meeting or, if further time for consideration and internal consultation is required, in a subsequent meeting) approve the adoption of that change proposal by a 75% special majority of those Gateway Operators Meeting attendees and prepare and submit a BIP process change proposal, recommending that the such change proposal be adopted, to the GNGB Executive Officer for review and ratification by GNGB; and
  - (iii) GNGB may, subject to its review of the revised BIP proposal to ensure consistency with the objectives set out in the Background to this MoU and consider impacts on the Superannuation Transaction Network, ratify the adoption of the BIP by notice to each Gateway Operator.
- (d) Amendments to the Gateway Standard made through the BIP process will not be subject to the notice period in clause 7.2(b) but will be effective on notification by GNGB of ratification, which notification will specify the date on which the variation to the Gateway Standard takes effect.
- (e) Each Gateway Operator acknowledges that it is bound by the Gateway Standard, as amended from time to time.

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## 8 Liability

### 8.1 Representations and Warranties

- (a) Each Gateway Operator represents and warrants to each other Gateway Operator that:
  - (i) it has not relied on any representation made by any other party to induce it to become a Gateway Operator;
  - (ii) it has the power and authority to enter into this MoU and comply with its obligations under it and the Gateway Standard and it will comply with, and fulfil and perform, the obligations and duties imposed on it by or pursuant to this MoU and the Gateway Standard, in accordance with all applicable laws;
  - (iii) it has made its own appraisal of the criteria to be satisfied in order for a person to become a Gateway Operator and (without reliance on or inducement from any other person) its own assessment and approval of this MoU and the Gateway Standard;
  - (iv) its obligations under this MoU and the Gateway Standard are valid and binding and are enforceable against it according to their terms;
  - (v) no Insolvency Event has occurred with respect to it and there are no reasonable grounds to suspect that it is unable to pay its debts as and when they are due and payable;
  - (vi) except to the extent disclosed to, and accepted by, GNGB in the relevant Gateway Operator's Application, it does not become Gateway Operator as trustee; and
  - (vii) it has disclosed to GNGB all facts relating to it, this MoU and the Gateway Standard and all things in connection with them which are material to the assessment of the nature and amount of risk undertaken by the other Gateway Operators if it were to become a Gateway Operator and take any act in connection with the Superannuation Transaction Network.
- (b) Each Gateway Operator acknowledges that:
  - (i) the integrity, reliability and security of the Superannuation Transaction Network is dependent on the performance and conduct of its participants, including Gateway Operators;
  - (ii) it might have liability, for a breach by it of this MoU or the Gateway Standard, to another Gateway Operator; and
  - (iii) each other party relies on the representations and warranties in clause 8.1.
- (c) Each Gateway Operator agrees to notify GNGB of anything that happens which would mean it could not truthfully repeat all the representations and warranties in clause 8.1(a) by reference to the then current circumstances.
- (d) Each Gateway Operator agrees to ensure adequate resources (including human, capital and technological) and appropriate licensing to undertake its obligations as required by this MoU, are maintained at all times.



- (e) The GNGB agrees to ensure adequate resources (including human, capital and technological) and appropriate licensing to undertake its obligations as required by this MoU, are maintained at all times.

## 8.2 Disclaimers

- (a) Each party agrees that neither GNGB, nor any of its officers, employees or agents has any duty or responsibility, either initially or on a continuing basis, to:
  - (i) keep itself informed about the performance by a Gateway Operator of its obligations as a Gateway Operator, or under this MoU and the Gateway Standard, provided that if GNGB becomes aware that a Gateway Operator has breached its obligations under this MoU or the Gateway Standard, GNGB will bring the matter to the attention of that Gateway Operator;
  - (ii) keep itself informed about the financial condition, affairs or creditworthiness of any Gateway Operator or its standing as a Gateway Operator; or
  - (iii) provide any Gateway Operator with credit or other information with respect to any other Gateway Operator.
- (b) Each Gateway Operator acknowledges that no officer, employee or agent of GNGB has any authority to make any representations or give any warranties in relation to the liability of GNGB with respect to the operation of the Superannuation Transaction Network which are inconsistent with the express terms of this MoU and the Gateway Standard.

## 8.3 Exclusions

Without limiting clause 8.1 and to the greatest extent permissible by applicable laws, GNGB will not be liable for any loss to any person (including Gateway Operators) or damage to persons or property, whether such loss or damage is direct or consequential (including but not limited to loss of profits), howsoever arising (including through negligence), including out of or in connection with:

- (a) any act or omission by any Gateway Operator or any other person (including without limitation any errors or delays, any breach of warranty or undertaking or representation, any breach of this MOU or the Gateway Standard or the terms of any other document relating to the Superannuation Transaction Network, any Insolvency Event or any failure to settle any obligations arising out of any transaction);
- (b) the exercise of, attempted exercise of, failure to exercise or delay in exercising, a right or remedy under this MoU and the Gateway Standard;
- (c) any act or omission done by, or any refusal to do any act by, GNGB, its officers, employees or agents or reliance on any act, conduct or consent of any other person or on any instructions, information or document provided to GNGB, its officers, employees or agents by any other person;
- (d) the failure of GNGB, its officers, employees or agents to receive or enact any instructions, information or document from any other person;
- (e) the terms of any representation, instructions, information or document given to GNGB, its officers, employees or agents by any other person;
- (f) any error or omission in any document issued by GNGB;



- (g) any technological failure of any sort (including without limitation any telephone, computer or electrical failure);
- (h) any unauthorised access to, or participation in the Superannuation Transaction Network by any person;
- (i) any contractual arrangements between any Gateway Operator and another person;
- (j) any change in the status, financial condition, affairs or creditworthiness of a Gateway Operator or another person, including without limitation in its capacity as a Gateway Operator; or
- (k) any termination or closure of the Superannuation Transaction Network by GNGB in accordance with this MoU.

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## 9 Disputes between Gateway Operators

### 9.1 Acknowledgement

Each Disputing Party acknowledges and agrees that:

- (a) the dispute resolution procedures set out in clause 9 of this MoU are intended to provide a transparent and consultative process for the resolution of GO Disputes between Gateway Operators arising out of, or in connection with, this MoU and the Gateway Standard; and
- (b) it will at all times act in good faith and, to the greatest extent practicable, in accordance with the spirit of the intention set out in clause 9.1(a) in relation to the resolution of a GO Dispute.

### 9.2 Resolution of GO Disputes

- (a) Where a Gateway Operator considers that a GO Dispute has arisen, that Gateway Operator must (unless such action is not reasonably appropriate having regard to the nature and seriousness of the GO Dispute) initially use reasonable efforts to engage with its applicable counterpart or contact person at the other Gateway Operator(s) to explore whether it can be quickly and expeditiously resolved through brief commercial or operational discussions. If that Gateway Operator reasonably believes it cannot be so resolved (or if it is not so resolved), that Gateway Operator may at any time provide written notice specifying the nature of that GO Dispute, including reasonable particulars of the GO Dispute, to the other Disputing Party (or Disputing Parties) involved in the GO Dispute (**GO Dispute Notice**).
- (b) Representatives of the Disputing Parties must make all reasonable efforts to meet and attempt to resolve the GO Dispute for a period of at least 10 Business Days commencing on receipt of the GO Dispute Notice.
- (c) If the Disputing Parties fail to resolve the GO Dispute as contemplated in clause 9.2(b) within a period of 10 Business Days commencing on the receipt of the GO Dispute Notice, the Chief Executive Officer(s) of the Disputing Parties (or their nominees) must meet and attempt to resolve the GO Dispute.
- (d) Subject to clause 9.3(e), if a GO Dispute has not been settled or resolved by the date that is 20 Business Days after the receipt of the GO Dispute Notices, a Disputing party may either:

- (i) refer that GO Dispute in writing to the GNGB Board for determination in accordance with clause 9.3, which notice must include reasonable particulars of the GO Dispute and be provided to the GNGB Executive Officer; or
  - (ii) pursue any other means available to it to resolve the GO Dispute, which may include the commencement of legal action in respect of that GO Dispute.
- (e) The GNGB Board may publish additional procedures which set out further details, processes or logistics which the parties will comply with in relation to the resolution process for GO Disputes which will be consistent with this clause 9.2.
- (f) Nothing in this clause 9.2 prevents a party seeking injunctive or other urgent equitable relief.

### **9.3 GNGB Board Escalation**

- (a) If a GO Dispute is referred to the GNGB Board pursuant to clause 9.2(d)(i), the GNGB Board may, in its absolute discretion:
- (i) either:
    - (A) consider a GO Dispute referred to it pursuant to clause 9.3(a) at the next available meeting of the GNGB Board; or
    - (B) form a temporary GNGB Board sub-committee (having regard to those persons on the Board who are likely to have appropriate skills and expertise to contribute to the resolution of a particular GO Dispute, the nature of the relevant GO Dispute, its subject matter and any conflicts of interest) to consider the GO Dispute referred to it pursuant to clause 9.3(a),

and the GNGB Board or sub-committee (as applicable) will consider the GO Dispute and, by written notice to the relevant Disputing Parties, make a determination as to the GO Dispute as set out in clause 9.3(c); or
  - (ii) determine that the nature of the GO Dispute is outside the scope of the GNGB's administration of this MoU and notify the Disputing Parties of that determination.
- (b) In considering a GO Dispute under clause 9.3(a)(i), the GNGB Board or sub-committee (as applicable) will undertake reasonable consultation with, and accept and consider submissions from, all relevant Disputing Parties and may in its discretion seek input and/or advice from any subject matter expert, advisor or other third party to inform its consideration.
- (c) In making a determination pursuant to clause 9.3(a)(i), GNGB Board or sub-committee (as applicable) may, in its absolute discretion:
- (i) make a binding determination to resolve the GO Dispute (or particular aspects of the GO Dispute);
  - (ii) make non-binding recommendations to the Disputing Parties regarding the GO Dispute (or particular aspects of the GO Dispute); or
  - (iii) determine that the nature of the GO Dispute (or particular aspects of the GO Dispute) is outside the scope of the GNGB's administration of this MoU,

and the GNGB Board or sub-committee (as applicable) will notify the Disputing Parties of that determination in writing in a timeframe commensurate with the impact of the determination and the nature of the GO Dispute. For clarity, a determination under this clause 9.3(c) may comprise any one, or a combination of, the elements described in paragraphs (i)-(iii) above.

- (d) If the GNGB Board or sub-committee (as applicable):
  - (i) makes a binding determination pursuant to clause 9.3(c)(i), then that determination will be binding upon all relevant Disputing Parties (including, without limitation, any Gateway Operator which, subsequently to the occurrence of the events giving rise to the GO Dispute, resigns as a Gateway Operator pursuant to clause 11.8(b) or whose participation in this MoU is terminated pursuant to clause 11.8(d)) in respect of the GO Dispute (or the particular aspects of the GO Dispute, if applicable);
  - (ii) makes non-binding recommendations pursuant to clause 9.3(c)(ii), then the Disputing Parties must have reasonable and good faith regard to those recommendations, but may otherwise pursue any other means available to it to resolve the GO Dispute (or the particular aspects of the GO Dispute, if applicable), including by commencing legal action in respect of that GO Dispute; and
  - (iii) determines that the nature of the GO Dispute (or the particular aspects of the GO Dispute, if applicable) is outside the scope of the GNGB's administration of this MoU pursuant to clause 9.3(a)(ii) or 9.3(c)(iii), then the Disputing Parties may pursue any other means available to it to resolve the GO Dispute (or the particular aspects of the GO Dispute, if applicable), including by commencing legal action in respect of that GO Dispute.
- (e) If the relevant Disputing Parties settle the GO Dispute prior to determination of it by the GNGB Board (or sub-committee, if applicable), they may withdraw the GO Dispute from the GNGB Board (or sub-committee, if applicable) by each giving written notice of that withdrawal to GNGB.
- (f) The GNGB Board may publish additional procedures which set out further details, processes or logistics which the parties will comply with in relation to the referral of GO Disputes to the GNGB Board.

#### **9.4 Dispute Resolution Fees and Costs**

- (a) Subject to clauses 9.4(b), 9.6 and 9.7 (and unless otherwise determined in the future by the GNGB Board in accordance with the GNGB Constitution), each Disputing Party who is a party to a GO Dispute which is referred to the GNGB Board pursuant to clause 9.2(d)(i) must each bear their own fees and costs incurred by it in connection with the administration, conduct or handling of that GO Dispute.
- (b) For the avoidance of doubt, clause 9.4(a) will not prevent the GNGB Board (or a sub-committee, if applicable) making a determination that certain costs and expenses incurred by a Disputing Party in connection with a GO Dispute are to be paid, in whole or in part, by another Disputing Party to that GO Dispute (as part of its determination of that GO Dispute).
- (c) The GNGB Board (or sub-committee, if applicable) will be required to keep confidential all information provided to it with respect to settlement of a GO Dispute, including without limitation, information about any agreement between the Disputing Parties as to apportionment of GNGB's costs and expenses, but (in

GNGB's discretion) excluding the fact that a settlement has been agreed and the outcome of any relevant determination in accordance with clause 9.4(d)..

- (d) GNGB may, in its discretion, publish or communicate the outcome of any GO Dispute that has been submitted to the GNGB Board for determination (including in connection with the issuing of notices concerning compliance with this MoU or its subject matter).

## **9.5 Commencement of Proceedings**

- (a) If a Gateway Operator fails or refuses to give effect to a binding determination of the GNGB Board (or sub-committee, if applicable) in relation to a GO Dispute pursuant to clause 9.3(c)(i) GNGB may, in its absolute discretion, treat such failure or refusal as a Default Event in relation to that Gateway Operator as set out in clause 11.
- (b) Any aggrieved Gateway Operator which was a Gateway Operator at the date of issue of the relevant binding determination (other than the non-complying Gateway Operator) may commence proceedings against the non-complying Gateway Operator. For clarity, GNGB has no obligation to commence or conduct any such proceedings.

## **9.6 Costs**

All:

- (a) costs (including costs as between solicitor and own client) and disbursements incurred by GNGB in relation to any proceedings commenced and determined in accordance with clause 9.5;
- (b) administrative costs reasonably incurred by GNGB in relation to any such proceedings;
- (c) costs (including disbursements) and damages which may be awarded against GNGB in relation to any such proceedings (or be payable by GNGB as the result of any settlement of any such proceedings); and
- (d) liabilities and losses arising from any such proceedings which are suffered or incurred by GNGB,

are to be treated as costs and expenses of administration, or incurred in connection with this MoU for the purposes of clause 12.1 and are to be taken into account in calculating the Annual Fees as determined pursuant to that clause 12.1.

## **9.7 Distribution of Recoveries**

If any proceedings are commenced by a Gateway Operator or Gateway Operators pursuant to this clause 9, and GNGB renders administrative assistance pursuant to clause 9.5 to facilitate the conduct of those proceedings, then any award of damages or costs in favour of that or those Gateway Operators must first be applied to reimburse GNGB for those costs incurred by it in rendering such administrative assistance.

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## 10 Disputes involving GNGB

### 10.1 Application

This clause 10 (**Disputes involving GNGB**) does not apply to disputes or differences in connection with termination of a Gateway Operator under clause 11.8(e) (including subject matters relating to a termination notice given to that Gateway Operator or the validity or effectiveness of such termination), which the parties acknowledge must be dealt with exclusively pursuant to the processes described in clause 11.8 (**Termination**).

### 10.2 Escalation and discussion

In the event of a dispute or difference between any Gateway Operator (or multiple Gateway Operators) and GNGB arising out of, or in any way connected with, this MoU or the Gateway Standard (excluding a dispute of the kind referred to in clause 10.1 (**Application**)) (**GNGB Dispute**), that GNGB Dispute will be addressed in accordance with the following process:

- (a) the Gateway Operator(s) claiming that a GNGB Dispute has arisen must initially use reasonable efforts to engage with the Executive Officer of GNGB to explore whether it can be quickly and expeditiously resolved through clarifications, guidance or other communications with GNGB;
- (b) if the Gateway Operator(s) reasonably believes it cannot be so resolved (or if it not so resolved) by way of the initial discussions referred to in clause 10.2(a), the Gateway Operator(s) must give written notice to GNGB specifying the nature and particulars of the dispute (**GNGB Dispute Notice**);
- (c) within 5 Business Days of receipt of the GNGB Dispute Notice, the nominated representatives of each of the Gateway Operator(s) and GNGB must meet and attempt to resolve the dispute within 10 Business Days of receipt of the GNGB Dispute Notice; and
- (d) if the Gateway Operator(s) and GNGB fail to resolve the dispute within 10 Business Days of the receipt of the GNGB Dispute Notice, the Chief Executive Officer(s) of the Gateway Operator(s) (or their nominee) together with the Chair of the GNGB (or his or her nominee) must meet and attempt to resolve the dispute within 20 Business Days of receipt of the GNGB Dispute Notice.

### 10.3 Mediation

- (a) If a GNGB Dispute remains unsatisfied notwithstanding the elapsing of 20 Business Days following the receipt of the relevant GNGB Dispute Notice and the completion of the escalation and discussion processes described in clause 10.2 (**Escalation and discussion**), the relevant Gateway Operator(s) who has (or have) initiated the GNGB Dispute that remains unresolved may at any time thereafter refer that GNGB Dispute to mediation by an independent mediator, by way of a written notice of dispute issued to the Australian Disputes Centre (with written copy to the GNGB) that complies with the requirements for such a notice as specified in then-current Australian Disputes Centre Guidelines for Commercial Mediation (**Mediation Guidelines**).
- (b) A mediation process initiated under clause 10.3(a) must be conducted in accordance with the procedural, cost and other requirements as set out in the Mediation Rules.

## 10.4 Legal proceedings

Subject to clause 10.5 (**Injunctive or declaratory relief**), a Gateway Operator must not commence legal action relating to any dispute or difference between it and GNGB in connection with this MoU or its subject matter unless it has first attempted to resolve that dispute in accordance with the processes described in this clause 10 (**Disputes involving GNGB**) including by completing the mediation process described in clause 10.3.

## 10.5 Injunctive or declaratory relief

Nothing in this clause 10 (**Disputes involving GNGB**) prevents:

- (a) a party seeking urgent injunctive or declaratory relief from a court without first having attempted to resolve the dispute in accordance with this clause 10 (**Disputes involving GNGB**); or
- (b) GNGB and a Gateway Operator meeting at any time to seek to resolve a GNGB Dispute.

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# 11 Remedies

## 11.1 Notification and Identification of Default Events

- (a) Each Gateway Operator must as soon as practicable notify GNGB if they become aware of:
  - (i) a breach of this MoU or the Gateway Standard by itself or another Gateway Operator; or
  - (ii) any Insolvency Event in respect of itself or another Gateway Operator; or
  - (iii) a failure or refusal to give effect to a binding determination of the GNGB Board (or sub-committee, if applicable) in relation to a GO Dispute pursuant to clause 9.3(c)(i),(each such circumstance being a **Default Event**).
- (b) In addition to receiving notifications from Gateway Operators pursuant to clause 11.1(a), GNGB may also itself identify facts or circumstances constituting a Default Event, or a reasonably suspected Default Event, in its role in managing the integrity and security of the Superannuation Transaction Network.
- (c) GNGB may also, in its discretion, receive and consider information from any third party concerning Default Events, or suspected Default Events, in respect of any Gateway Operator.

## 11.2 GNGB Assessment of Default Events

- (a) GNGB may investigate, in a manner it sees fit and within GNGB's sole and absolute discretion, any notification to it, or identification by it, of a Default Event in respect of a Gateway Operator, to assess the potential or actual impact on the Superannuation Transaction Network and other Gateway Operators.
- (b) An assessment of the kind described in clause 11.2(a) will be made by GNGB having regard to the risk impact the Default Event would or could cause to the Superannuation Transaction Network or any other Gateway Operator. In

considering and developing its assessment, GNGB may (without limitation) have regard to matters of the following kind:

- (i) Any actual or potential loss of Superannuation Transaction Network data caused or contributed to by the Default Event;
  - (ii) The extent to which the Default Event indicates that a Gateway Operator's arrangements in monitoring and maintaining compliance with this MoU and the Gateway Standards, are inadequate;
  - (iii) The number or frequency of similar previous Default Events that the Gateway Operator(s) has been subject to; and
  - (iv) The extent to which the Default Event causes operational impacts to other Gateway Operators or Superannuation Transaction Network participants.
- (c) The assessment described in clause 11.2(a) will inform GNGB's decisions in relation to appropriate actions to be taken by it in relation to the relevant Default Event. For clarity however, the determination in relation to those actions to be taken will ultimately be determined by GNGB in its sole and absolute discretion and GNGB may also consider factors other than those contemplated in clauses 11.2(a) and 11.2(b) in the course of making decisions in relation to the relevant Default Event.
- (d) GNGB will notify the outcomes of its assessment of a Default Event to the Gateway Operator(s) who are the subject of that assessment. Where GNGB has made a determination under clause 11.3 to also notify other persons of that Default Event in respect of that Gateway Operator, it will also notify that Gateway Operator of such determination *(and use its reasonable endeavours to do so in advance of, or at least at the same time as, its notification to the relevant other person)*

### 11.3 Notification of Default Events

Where GNGB receives a notice of the kind contemplated in clause 11.1(a) or information of the kind described in clause 11.1(c) or becomes aware of a Default Event as contemplated in clause 11.1(b), GNGB may if it so determines (but is not obliged to) notify ATO, APRA, one or more Gateway Operators and/or (as reasonably determined to be appropriate by GNGB) any other third parties, following assessment of the impact of the applicable Default Event in accordance with clause 11.2.

### 11.4 Probation

- (a) GNGB may place a Gateway Operator on probation for a specified or indefinite period of time in the following circumstances (each a **Probation Event**):
- (i) by agreement with the Gateway Operator concerned;
  - (ii) if the Gateway Operator no longer satisfies:
    - (A) clause 3.1(a) in a material respect; or
    - (B) all other applicable requirements for participation in this MoU as set out in clause 3.1 (other than clause 3.1(a));
  - (iii) if the Gateway Operator breaches a material obligation under this MoU or the Data and Payment Standard;



- (iv) if the Gateway Operator engages in conduct regarded by GNGB to be contrary to the efficient, reliable and secure operation of the Superannuation Transaction Network;
  - (v) if the Gateway Operator has committed repeated breaches of this MoU or the Gateway Standard in a systemic fashion; or
  - (vi) if GNGB has a right to terminate the Gateway Operator's participation in this MoU under clause 11.8.
- (b) When placing a Gateway Operator on probation, GNGB will provide the Gateway Operator notice of commencement of probationary status that:
- (i) specifies the relevant Probation Event;
  - (ii) requires that Probation Event to be rectified to the satisfaction of GNGB within a specified timeframe; and
  - (iii) sets a period (including an indefinite period) of probation that GNGB considers (in its absolute discretion) appropriate in the context of the Probation Event.
- (c) GNGB is not required to revoke any probationary status placed on a Gateway Operator until GNGB is satisfied (in its absolute discretion) that the relevant Probation Event has been sufficiently remedied and the Gateway Operator has demonstrated full compliance with its obligations under this MoU and the Gateway Standard for an appropriate probationary period.
- (d) Should the Gateway Operator demonstrate full compliance with its obligations under this MoU and the Gateway Standard for the appropriate probationary period as contemplated in paragraph (c) above, the GNGB shall not unreasonably refuse revocation of the probationary status.

### 11.5 Probation for New Gateway Operators

- (a) New Gateway Operators (being persons who, at the time of Application, are not parties to the existing Memorandum of Understanding described in clause 2(f)) will be required to undertake the initial on-boarding processes and procedures set out the Gateway Standard, as published by GNGB from time to time. Such new Gateway Operators will be treated as on probation for the purposes of this clause 10 (**Remedies**), until (subject to clause 11.5(b)), the occurrence of all of the following:
- (i) 3 months of continuous and materially incident or materially fault-free transacting in the Superannuation Transaction Network by that Gateway Operator;
  - (ii) the submission by that new Gateway Operator, on request by GNGB, of evidence of its completion of all on-boarding processes and procedures set out in the Gateway Standards, as may be changed from time to time by GNGB and evidence of the successful completion of an information technology security audit to a standard stipulated by GNGB; and
  - (iii) GNGB notifying the new Gateway Operator that the new Gateway Operator is no longer on probation.
- (b) GNGB may, in its discretion, extend the period of the probationary status for any new Gateway Operator.



## 11.6 Effect of Probation

- (a) A Gateway Operator who is on probation will be subject to heightened monitoring and scrutiny by GNGB of the Gateway Operator's performance of its obligations under this MoU and the Gateway Standard during the relevant probationary period.
- (b) In connection with the heightened monitoring and scrutiny contemplated in clause 11.6(a) above, GNGB may request that the Gateway Operator provide GNGB with, and the Gateway Operator must provide within the timeframes requested by GNGB, such regular reporting, access to premises and personnel, and other information as reasonably requested by GNGB.
- (c) A Gateway Operator who is placed on probation under clause 11.4 is entitled to continue to exchange Superannuation Transaction Messages with any other Gateway Operator, provided it has completed prescribed on-boarding activity, to the satisfaction of GNGB.
- (d) A Gateway Operator who is placed on probation under clause 11.4 (**Probation**) is not excused from discharging its obligations under this MoU or the Gateway Standard.
- (e) GNGB may, in its sole discretion, notify the ATO, APRA, one or more Gateway Operators and/or any other third parties as determined appropriate by GNGB if any Gateway Operator is placed on probation under clause 11.4 (**Probation**). For clarity, each party acknowledges that the fact that a Gateway Operator has been placed on probation will not be considered Confidential Information.

## 11.7 Conditions for probation

- (a) If a Probation Event occurs in respect of a Gateway Operator, GNGB may, in connection with placing the Gateway Operator on probation, impose conditions on the participation in this MoU of the Gateway Operator to the extent that GNGB considers necessary to address the Probation Event and the relevant Gateway Operator's conduct in connection with this MoU.
- (b) The rights and obligations of that Gateway Operator under this MoU and/or the Gateway Standard shall be subject to any such conditions.
- (c) Any such conditions imposed by GNGB will only have effect during the relevant probationary period and GNGB will revoke such conditions when the Gateway Operator's probationary status is revoked.

## 11.8 Termination

- (a) A Gateway Operator ceases to be a Gateway Operator on:
  - (i) resignation;
  - (ii) GNGB terminating that Gateway Operator's participation in this MoU in accordance with clause 11.8(d);
- (b) A Gateway Operator may, by notice in writing to GNGB, resign as a Gateway Operator either with immediate effect or subject to notice of a period determined by GNGB. The Gateway Operator may revoke any such notice at any time before it becomes effective, provided that it gives GNGB reasonable prior notice of such revocation.

- (c) A Gateway Operator may not resign except by giving notice in accordance with clause 11.8(b);
- (d) GNGB may, by notice in writing to a Gateway Operator, terminate the Gateway Operator's participation in this MoU and the Superannuation Transaction Network under this MoU, if:
  - (i) a Probation Event has occurred in respect of that Gateway Operator and the facts or circumstances giving rise to that Probation Event have not been remedied, or a plan for rectification agreed, to the satisfaction of GNGB (in its reasonable discretion) within 30 days of GNGB notifying the Gateway Operator of the relevant facts or circumstances giving rise to that Probation Event and requiring it to be remedied;
  - (ii) the Gateway Operator has been placed on probation under clause 11.4 and, during the relevant probationary period, another Probation Event occurs in respect of the Gateway Operator (whether or not that event is the same or different category of event as the Probation Event that led to the probation) and the facts or circumstances giving rise to that original Probation Event have not been remedied or a plan put in place to remedy the Probation Event to the satisfaction of GNGB (in its discretion) within 30 Business Days of GNGB notifying the Gateway Operator of the relevant facts or circumstances giving rise to that Probation Event and requiring it to be remedied;
  - (iii) GNGB has determined that the Gateway Operator's continued role as a participant in this MoU would adversely impact the operation, integrity or reputation of the Superannuation Transaction Network or any part of it, or have an adverse impact on another Gateway Operator or GNGB;
  - (iv) the Gateway Operator engages in fraud; or
  - (v) an Insolvency Event occurs in respect of the Gateway Operator.

provided that in the case of clauses 11.8(d)(i), 11.8(d)(ii) 11.8(d)(iii), , such termination shall not be immediate but will be effective on the date that is 30 Business Days after the date of GNGB's written notice of termination (with the period between the date of GNGB's written notice of termination and the date that is 30 Business Days after that date being the **Pending Termination Period**).

- (e) During the first 10 Business Days of the Pending Termination Period, the Gateway Operator who is subject to such notice of termination is entitled to make any written submissions to GNGB setting out its reasons for why the relevant termination should not become effective. GNGB agrees to have reasonable regard to those written submissions and may, after considering them, revoke its Termination Notice by a further written notice to the relevant Gateway Operator given at any time prior to the end of the 15th Business Day within the Pending Termination Period, which revocation will stop the relevant notice of termination becoming effective. For clarity, the decision as to whether to revoke such a Termination Notice will always be in GNGB's sole discretion, however GNGB agrees to have good faith regard to such written submissions by the relevant Gateway Operator.
- (f) Without limiting a Gateway Operator's rights to make written submissions to GNGB as contemplated under clause 11.8(e), a Gateway Operator who is subject to a notice of termination may within the first 10 Business Days of the applicable Pending Termination Period, as an alternative to or in addition to making such written submissions, refer that termination to binding arbitration by an independent arbitrator, by way a written notice of arbitration issued to the Australian Disputes Centre (with written copy to the GNGB) that complies with the requirements for

such a notice as specified in the ADC Rules for Domestic Arbitration. Such arbitration must be conducted:

- (i) by a single independent arbitrator mutually agreed by the relevant Gateway Operator and GNGB and, where one cannot be agreed, an arbitrator appointed by the ADC;
- (ii) in accordance with the ADC Rules for Domestic Arbitration;
- (iii) subject to clause 11.8(g), within the period ending on the last day of the Pending Termination Period, with the arbitrator instructed to conclude its assessment and hand down its determination on or before that last day;
- (iv) in Sydney, Australia; and
- (v) in the English language,

with the Gateway Operator, as claimant, paying ADC's registration fees as required under the ADC Rules for Domestic Arbitration but with the Gateway Operator and GNGB otherwise each bearing their own costs in respect of the arbitration process, unless otherwise determined by the arbitrator.

- (g) In the event that the arbitrator appointed pursuant to clause 11.8(f), GNGB and the Gateway Operator subject to the notice of termination each agree that an arbitration process initiated under clause 11.8(f) will not be concluded before the expiry of the Pending Termination Period, GNGB will consider extending the Pending Termination Period for an additional period, totalling a sum of no more than 45 Business Days, to allow for the completion of the arbitration process within the Pending Termination Period, provided that GNGB will act reasonably in considering whether or not to extend the Pending Termination Period in this circumstance.
- (h) GNGB will communicate to the relevant Gateway Operator any reasons for a decision to terminate it. Without limiting the revocation procedure contemplated in clause 11.8(e) or any arbitration process that may have been initiated under clause 11.8(f), GNGB may revoke any such notice at any time before it becomes effective.
- (i) During the Pending Termination Period and notwithstanding any written submissions provided under clause 11.8(e) or any arbitration process that may have been initiated under clause 11.8(f), GNGB may invoke the business continuity procedures of the Superannuation Transaction Network to protect the Superannuation Transaction Network from immediate harm, resulting in potential disconnection of the Gateway Operator which is subject to the Termination Notice.
- (j) Any Gateway Operator subject to a notice of termination pursuant to clause 11.8(d) (**Termination Notice**), notwithstanding any written submissions provided under clause 11.8(e) or any arbitration process that may have been initiated under clause 11.8(f), will be required to provide a disconnection plan (**Termination Plan**) to the GNGB promptly after receipt of the Termination Notice. The Termination Plan must be mutually agreed by both the Gateway Operator and the GNGB and will set out the procedures to be followed by the Gateway Operator for the agreed period before that Gateway Operator disconnects from the Superannuation Transaction Network. The Gateway Operator must comply with the agreed Termination Plan. If the Termination Plan cannot be mutually agreed by the relevant Gateway Operator and GNGB within 20 Business Days of receipt by the Gateway Operator of the Termination Notice, the timeframe for disconnection of that Gateway Operator from the Superannuation Transaction Network will be subject to GNGB discretion (which timeframe may be with immediate effect).

- (k) Any resignation or termination of a Gateway Operator's participation in this MoU shall not affect any right or liability arising under this MoU or the Gateway Standard before that resignation or termination takes effect or arising in respect of any act, matter or thing occurring prior to that time. A Gateway Operator who resigns pursuant to clause 11.8(b) or whose participation in this MoU is terminated pursuant to clause 11.8(d) will continue to be bound by this MoU and the Gateway Standard in respect of:
- (i) any act, matter or thing occurring prior to the time such resignation or termination takes effect or as a result of such resignation or termination;
  - (ii) any right or liability under this MoU or the Gateway Standard which relates to or may arise at any future time from any breach of this MoU or the Gateway Standard which occurred prior to or on the date of termination; and
  - (iii) any fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Gateway Operators in accordance with this MoU or the Gateway Standard in respect of periods which commence prior to the time such resignation or termination takes effect or which relate to any such act, matter or thing.
- (l) A Gateway Operator who resigns or whose participation in this MoU is terminated is not entitled to be repaid all or part of any entrance, operating or other fee which has been paid by it.
- (m) A Service Provider who resigns as a Gateway Operator or whose participation in this MoU is terminated is obliged to immediately notify any Superannuation Entities (to whom they supply services in relation to the Superannuation Transaction Network) of the resignation or termination, specifying the date upon which the termination will take, or has taken effect.
- (n) On termination of a Gateway Operator's participation in this MoU, GNGB will as soon as practicable notify all other Gateway Operators (and may in its sole discretion also notify the ATO and APRA) of the termination specifying:
- (i) the name of the Gateway Operator whose participation in this MoU has been terminated; and
  - (ii) the date on which the termination will take, or has taken, effect

and may (without limiting any obligations of the terminated Gateway Operator to comply with its legal, contractual or other obligations owed to third parties) also require the terminated Gateway Operator to, in which case the Gateway Operator must, as soon as practicable, notify its customers and clients of such termination.

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## 12 Fees

### 12.1 Annual Fees

- (a) Each Gateway Operator must pay to GNGB an annual operating fee (**Annual Fee**) representing a pre-determined share per Gateway Operator of the costs or anticipated costs of administering this MoU over the relevant period.

The aggregate Annual Fees payable by all Gateway Operators in any financial year from 1 July to 30 June under this MoU will not exceed the lesser of:

- (i) 15% of the total operating costs of GNGB (including all costs and expenses of administration, and/or costs and expenses incurred in connection with this

MoU and/or the Gateway Standard) incurred by GNGB in that same financial year; and

(ii) \$112,500,

unless a higher aggregate Annual Fee is determined and approved by the GNGB Board in accordance with the GNGB Constitution.

(b) Each Gateway Operator's individual portion of the Annual Fee will be determined as:

(i) detailed in Schedule 3 (**Fee apportionment**); or

(ii) otherwise as:

(A) agreed in writing between all Gateway Operator representative directors on the GNGB Board; and

(B) ratified and notified by GNGB to all Gateway Operators as an updated version of Schedule 3 (**Fee apportionment**),

which updated version will take effect as a variation to the existing Schedule 3 (**Fee apportionment**) of this MoU on the date of such notification by GNGB.

(c) The Annual Fee is payable in the manner and at the times determined by GNGB and notified to Gateway Operators from time to time.

(d) The amount set out in clause 12.1(a)(ii) is to be indexed on an annual basis by GNGB by reference to annual increases in the Consumer Price Index (Australia) compared to the then previous financial year. Any such indexation will be recorded as part of the annual budget setting process by GNGB Board.

## 12.2 Gross up for GST Supplies by GNGB

If:

(a) GNGB makes a Supply to a Gateway Operator (in its capacity as a Gateway Operator) under this MoU or the Gateway Standard; and

(b) GNGB is required to pay GST under the GST Law in respect of that Supply (a **Taxable Supply**),

then:

(c) the Gateway Operator must pay to GNGB an additional amount equal to the GST Exclusive Consideration multiplied by the GST Rate, without deduction or set-off of any other amount;

(d) GNGB must issue a Tax Invoice to each Gateway Operator for the GST on each Taxable Supply and must include in the Tax Invoice all particulars required by the GST Law; and

(e) the Gateway Operator must pay the additional amount payable under clause 12.2(c) at the same time and manner as the GST Exclusive Consideration (or, if the GST Exclusive Consideration is not payable, within 14 days).

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## 13 Confidentiality

- (a) A party may only use the Confidential Information of another for the purposes of exercising their rights and performing their respective obligations under this MoU and, subject to clause 13(b), must keep that Confidential Information confidential.
- (b) A party may disclose the Confidential Information of another party:
  - (i) to those of its personnel who need to know such Confidential Information and have agreed to keep such Confidential Information confidential;
  - (ii) to the extent required by law; or
  - (iii) with the prior written consent of the party whose Confidential Information is to be disclosed.
- (c) Each party acknowledges that monetary damages may not be a sufficient remedy for a breach of its obligations under this clause 13 (**Confidentiality**) and that the party whose Confidential Information is the subject of a breach of this clause 13 is entitled to such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction.
- (d) Each party acknowledges that the fact of its participation in the arrangements described in this MoU is not confidential and consents to the publication of their Gateway Operator names and contact details in the Public Gateway Operator List published by GNGB on a website administered by GNGB.
- (e) Upon termination of this MoU (except to the extent permitted to be retained under the formal self-governance industry regime which will terminate this MoU by replacing it), each party must immediately return all Confidential Information of another party to that party, which is in the first-named party's possession or control.
- (f) GNGB will require any committee or working group constituted and/or appointed by the GNGB Board to only use Confidential Information supplied to it for the purposes of performing its role, and otherwise treat such Confidential Information in accordance with the requirements set out in this clause 13

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## 14 Miscellaneous

### 14.1 Notices

- (a) A notice may be given by GNGB to any Gateway Operator or other person receiving notice under this MoU either by:
  - (i) serving it personally; or
  - (ii) sending it by post or facsimile transmission to the address shown in the Public Gateway Operator List or the address supplied by that person to GNGB for the giving of notices; or
  - (iii) sending an electronic mail message to an email address supplied by the Gateway Operator or that person to GNGB for the giving of notices.
- (b) Where a notice is sent by post, service of the notice is deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and the



notice is deemed to have been served on the 5<sup>th</sup> Business Day after the date of its posting.

- (c) Where a notice is sent by facsimile transmission, service of the notice is deemed to be effected by properly addressing the facsimile transmission and transmitting same and to have been served in the case of a facsimile transmission on the Business Day following its despatch.
- (d) Where a notice is sent by electronic mail, the notice is deemed to be served on the Business Day following its dispatch or publication.

## **14.2 Provision of information**

- (a) Each Gateway Operator must at the request of GNGB provide to GNGB all reasonable information relating to that Gateway Operator's transaction volumes, transaction values, data volumes, file volumes and other matters relevant to the Superannuation Transaction Network and the Gateway Operator's use of it.
- (b) On a written request from an Auditor, each Gateway Operator must provide to the Auditor, without unnecessary delay, any information and documents in the possession or control of that Gateway Operator that the Auditor reasonably requires to conduct an audit and which reasonably relate to that Gateway Operator's participation in the Superannuation Transaction Network or its rights or obligations under this MoU or the Data and Payment Standard.

## **14.3 General**

- (a) Subject to clause 14.3(b), a Gateway Operator must not assign or transfer this MoU or otherwise deal with the benefit of or a right under it without the prior written consent of each other Gateway Operator and GNGB (and then subject to such conditions or requirements as GNGB may impose or permit to be imposed).
- (b) Notwithstanding clause 14.3(a), a Gateway Operator may assign or transfer this MoU without the consent of the other Gateway Operators and GNGB:
  - (i) where that assignment or transfer is to another Gateway Operator who is already bound by this MoU; or
  - (ii) in connection with a sale of all or substantially all of its assets to another entity with the skills, capacity and financial standing to assume and perform the transferring Gateway Operator's obligations under this MoU, and who accepts the transferring Gateway Operator's obligations under this MoU.
  - (iii) to a Related Body Corporate with the skills, capacity and financial standing to assume and perform the transferring Gateway Operator's obligations under this MoU, and who accepts the transferring Gateway Operator's obligations under this MoU.
- (c) Where a Gateway Operator assigns or transfers this MoU with regard to 14.3(a) or 14.3(b), the Annual Fee will be taken as paid in respect of the assignee Gateway Operator, for the period of time the Annual Fee paid by the assigning Gateway Operator is deemed valid.
- (d) Where a Gateway Operator incurs obligations under this MoU, that Gateway Operator assumes those obligations as principal, notwithstanding any fact, matter or circumstance.
- (e) No Gateway Operator has authority to bind any other Gateway Operator or GNGB.

- (f) This MoU is governed by the laws in force in the State of New South Wales and the parties submit to the exclusive jurisdiction of the courts of that state and the courts that hear appeals from those courts.
- (g) The MoU together with the **Gateway Standard**, is the entire agreement between the parties about their subject matter and replaces all previous agreements, understandings, representations and warranties about that subject matter.
- (h) Nothing in this MoU shall be construed so as to negate or exclude any right of set-off which may otherwise arise.
- (i) No party shall, by reason only of this MoU, **Gateway Standard** or another document relating to the Superannuation Transaction Network, have a fiduciary relationship with, or be trustee for, a Gateway Operator or another person unless expressly except to the extent disclosed to, and accepted by, GNGB in the relevant Gateway Operator's Application.
- (j) GNGB is entitled to assume the correctness of any representation or warranty made by a Gateway Operator and is not required to conduct independent inquiries or to conduct searches of public registers to confirm the correctness of any representation or warranty.



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## Schedule 1 — Dictionary

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### 1 Dictionary

In this MoU:

**Annual Fee** has the meaning given to it in clause 12.1(a).

**Applicant** means the party identified in that field in the Application.

**Application** means the application form through which a Gateway Operator requests to become a party to this MoU, in the form set out in Schedule 2 (**Application**).

**APRA** means the Australian Prudential Regulation Authority.

**Auditor** means the audit firm (within the Corporations Act definition) appointed as auditor by GNGB.

**Beneficiary** means a member of a Superannuation Entity.

**Business Day** means a day on which banks are open for business excluding Saturdays, Sundays and national public holidays in Australia.

**Confidential Information** means (whether or not in material form and whether or not disclosed before or after the date of execution of this MoU) any information of whatever kind disclosed by a party to this MoU to another party, under or in relation to this MoU:

- (a) that is by its nature confidential;
- (b) that is designated by the party disclosing such information as confidential; or
- (c) where the party receiving such information knows or reasonably ought to know that the information is confidential,  
  
but does not include information that:
  - (d) is published or has otherwise entered the public domain without a breach of this MoU;
  - (e) is obtained from a third party who is under no obligation of confidence in relation to that information; or
  - (f) is independently developed or obtained without breach of this MoU.

**Contribution** means the superannuation contributions paid by an employer to a Superannuation Entity on behalf of a Beneficiary.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Data and Payment Standard** means the *Superannuation Data and Payment Standards 2012*, as issued, amended or updated from time to time.

**Default Event** has the meaning given to it in clause 11.1(a), being, in relation to a Gateway Operator:

- (a) a breach of this MoU or the Gateway Standard by that Gateway Operator; or
- (b) any Insolvency Event in respect of that Gateway Operator; or
- (c) that Gateway Operator's failure or refusal to give effect to a binding determination of the GNGB Board (or sub-committee, if applicable) in relation to a GO Dispute pursuant to clause 9.3(c)(i)

**Disputing Party** means a Gateway Operator that is a party to a GO Dispute.

**Gateway** means a Superannuation Transaction Network entry and/or exit point operated by, or on behalf of, a Superannuation Entity or an employer for the purpose of routing, and/or switching the data comprised in or exchanged in connection with a Superannuation Transaction Message. This excludes any Superannuation Entity's or employer's internal or private gateway which operation (including exchanges of messages) is contained exclusively within the relevant Superannuation Entity's or employer's network boundary.

**Gateway Operator** means any person or entity which operates or supplies functions and services in relation to a Gateway, or intends to, such as Gateway-related data and messaging services within the Superannuation Transaction Network, and has acceded to this Memorandum of Understanding.

**Gateway Standard** means the document entitled Superannuation and Data and Gateway Services Standards for Gateway Operators transacting within the Superannuation Transaction Network as issued, amended or updated from time to time in accordance with this MoU.

**Gateway Operators Meeting** has the meaning given to it in clause 6.1(a).

**GNGB** means Gateway Network Governance Body Limited (ABN 93 615 159 101)

**GNGB Board** means the board of GNGB, as established pursuant to the GNGB Constitution.

**GNGB Constitution** means the Constitution of Gateway Network Governance Body Limited dated 22 September 2016.

**GNGB Dispute** has the meaning given to it in clause 10.2, being a dispute or difference between any Gateway Operator (or multiple Gateway Operators) and GNGB arising out of, or in any way connected with, this MoU or the Gateway Standard (excluding a dispute of the kind referred to in clause 10.1 (**Application**)) (**GNGB Dispute**).

**GNGB Dispute Notice** has the meaning given to it in clause 10.2(b), being written notice to GNGB from a Gateway Operator or Gateway Operators setting out the nature and particulars of a GNGB Dispute.

**GO Dispute** means a dispute or difference between two or more Gateway Operators, arising out of, or in any way connected with, this MoU or the Gateway Standard.

**GO Dispute Notice** has the meaning given to it in clause 9.2(a), being written notice specifying the nature of that GO Dispute, including reasonable particulars of the GO Dispute.

**GST Exclusive Consideration** means any amount payable (or deemed to be payable) under this MoU or the Gateway Standard in connection with any Taxable Supply (other than amounts payable under clause 12.2(e)) and the GST-exclusive value of any non-monetary consideration provided in connection with the Supply.

**GST Law** has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**GST Rate** means the rate of GST under the GST Law.

**Insolvency Event** means, in relation to a Gateway Operator:

- (a) an application is made to a court for an order or an order is made that a Gateway Operator be wound up;
- (b) an application is made to a court for an order appointing a liquidator or provisional liquidator in respect of a Gateway Operator, or one of them is appointed, whether or not under an order;
- (c) a Gateway Operator enters into, or resolves to enter into, a scheme of arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (d) a Gateway Operator resolves to wind itself up or otherwise dissolve itself, or gives notice of intention to do so;
- (e) a Gateway Operator is or states that it is unable to pay its debts when they fall due;
- (f) as a result of the operation of section 459F(1) of the Corporations Act or any corresponding legislation, a Gateway Operator is taken to have failed to comply with a statutory demand;
- (g) a Gateway Operator is, or makes a statement from which it may be reasonably deduced that the Gateway Operator is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act or any corresponding legislation;
- (h) a Gateway Operator takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to a Gateway Operator;
- (i) the body responsible for the prudential supervision of a Gateway Operator assumes management and control of that Gateway Operator; or
- (j) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

**Member** means a person or entity whose name is entered in the member's register of GNGB, including co-sponsor members, associate co-sponsor members and gateway members.

**Pending Termination Period** has the meaning given in clause 11.8(d).

**Probation Event** has the meaning given in clause 11.4.

**Public Gateway Operator List** means a public list of all Gateway Operators who are a party to this MoU, as maintained and updated from time to time by GNGB.

**Rollover** means the rollover or transfer of a Rollover Superannuation Benefit from one Superannuation Entity to another Superannuation Entity.

**Rollover Superannuation Benefit** has the meaning given to that term in Section 306.10 of the *Income Tax Assessment Act 1997* (Cth).

**Superannuation Entity** means those regulated superannuation entities which are subject to the Data and Payment Standard.

**Superannuation Legislation** means the *Superannuation Industry (Supervision) Act 1993* (Cth), the *Retirement Savings Accounts Act 1997* (Cth) and their associated subordinate legislation or regulations, as amended from time to time.

**Superannuation Transaction** means any and/or all of the data transactions required to execute a Rollover or a Contribution in accordance with the Data and Payment Standard.

**Superannuation Transaction Message** means a message within the Superannuation Transaction Network relating to a Superannuation Transaction.

**Superannuation Transaction Network** means the network used to send and receive Superannuation Transaction Messages between Gateway Operators under this MoU.

**Tax Invoice** means a valid tax invoice for the purposes of the GST Law.

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## 2 Interpretation

In this MoU the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of this MoU;
- (b) the singular includes the plural and vice versa;
- (c) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (d) a reference to:
  - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
  - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
  - (iii) a party includes its successors and permitted assigns;
  - (iv) a document includes all amendments or supplements to that document;
  - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this MoU;
  - (vi) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
  - (vii) an agreement includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
  - (viii) a monetary amount is in Australian dollars;

- (e) an agreement on the part of two or more persons binds them jointly and severally;
- (f) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (k) A reference in this MoU (including clauses 9 (**Disputes between Gateway Operators**)) and 11 (**Remedies**) to:
  - (i) a determination by a person includes a decision by that person; and
  - (ii) "proceedings" includes actions, suits and proceedings at law, in equity or otherwise; and
- (g) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this MoU or any part of it.

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## Schedule 2 — Application

**To: Executive Officer, Gateway Network Governance Body (GNGB)**

**Re:** Gateway Operator Application

**From:**

Full Name of Applicant \_\_\_\_\_

ABN \_\_\_\_\_

Place of Incorporation \_\_\_\_\_

Registered Office Address/

Principal Place of Business in Australia \_\_\_\_\_

Postcode \_\_\_\_\_

**Contact details:**

Name of Contact Person: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax number: \_\_\_\_\_

Preferred Start Date: \_\_\_\_\_

*(This is the preferred date on which the Applicant wishes to be admitted as a Gateway Operator and bound by the MoU).*

1. The above-named person or entity ("Applicant") hereby applies to be accepted as a Gateway Operator.
2. The Applicant acknowledges that:
  - the document entitled 'Memorandum of Understanding For Participants in the Superannuation Transaction Network' (**MoU**) and the **Gateway Standard** referenced in the MoU constitute a contract under seal between:
    - GNGB and each Gateway Operator; and
    - each Gateway Operator; and
  - the MoU and the **Gateway Standard** have been established for the benefit of the Gateway Operators and any future Gateway Operators.
3. The Applicant acknowledges and agrees that if this application is accepted then subject to and in consideration of that acceptance:
  - they are bound to:
    - comply with the MoU and the **Gateway Standard**; and
    - fulfil and perform every obligation and duty imposed on them by or pursuant to the MoU and the **Gateway Standard**.
  - the rights and obligations contained herein shall endure not only to the Applicant, but to every other Gateway Operator who has agreed to observe and comply with the MoU and **Gateway Standard**.
4. The following information is enclosed with this application to demonstrate that the Applicant satisfies the applicable requirements for participation in this MoU which are contained in clause 3 of the MoU.

5. Capitalised terms used in this application have the corresponding meanings given in the MoU.

*[list information and documents enclosed with the application]*

**EXECUTED by THE APPLICANT**

by or in the presence of:

)  
)  
)  
)

.....  
(Signature of Secretary/Director)

.....  
(Signature of Director)

.....  
(Full name of signatory)

.....  
(Full name of signatory)

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## Schedule 3 — Fee apportionment - Year 1

Threshold (Transactions in and out)	Tier	%
over 15 mil	1	40%
2 mil - 15mil	2	40%
under 2 mil	3	20%
		<b>100%</b>

### Principles:

- The Gateway Operator assignment to a particular tier is to be established on a yearly basis by GNGB, based on transaction volumes. GNGB shall collect directly from the Gateway Operator the amount payable.
- Any movement during the year is ignored until the next annual review.
- The amount payable by the tier is divided by the number of Gateway Operators that fall within the tier
- Any Gateway Operator leaving the network during the year is not entitled to a refund.
- Any new Gateway Operator will automatically be allocated to Tier 3 in its first year or part year once it commences transacting rather than pro rata expected transactions
- The Structure (number and threshold) of the tiers is subject to review and is determined by the Gateway Operators
- No single Gateway Operator shall pay more than 20% of the total fee unless there are fewer than 5 Gateways.
- At all times, Gateway Operators will ensure adequate coverage of total Annual Fee as set out in Clause 12.1
- Should the number of Gateway Operators within a Tier change by more than 25% then the tier structure shall be reviewed by the Gateway Operators at that time and notified to GNGB prior to March, in order to take effect the following period.



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## Appendix D - Gateway Standards

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# Superannuation Data and Gateway Services Standards for Gateway Operators transacting within the Superannuation Transaction Network

Version 5.0

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## Document Details:

Attributes	Details
Date of Latest Release	20 July 2020
Document Name	Gateway Standards
Distribution	Gateway Operators

## Version History:

Version	Date	Changes	Date Ratified	Effective Date
4.0	13/10/2016	Version ratified as part of the handover of governance from the ATO to the Gateway Network Governance Body (GNGB)	13 October 2016	13 October 2016
4.1	07/08/2018	Addition of Document Details page Appendix B – update of links to documents Other minor corrections throughout		
4.2	20/11/2018	Updates related to final version of APRA Prudential Standard CPS 234, including additional definitions and additions to section 6.9 (b) (vi), 6.9 (h) and 6.9 (i).		
4.3	10/12/2018	Addition of data breach notification requirements to 6.9 (f).		
4.4	20/12/2018	Slight wording change to 6.9 (f)	18 November 2019	18 November 2019
5.0	20/07/2020	Updates related to review of STN ISR	20 July 2020	31 December 2020

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## 1 Preamble

- (a) This Superannuation Data and Gateway Services Standards for Gateway Operators transacting within the Superannuation Transaction Network (the **Gateway Standards**), as may be amended or updated from time to time as agreed by the parties, sets out minimum technical and operating requirements for Gateway Operators in relation to messages sent or received in connection with Superannuation Transactions.
- (b) These Gateway Standards also requires that Gateway Operators comply with the *Superannuation Data and Payment Standards 2012* (the **Data and Payment Standards**) and all schedules, annexures and associated documents, issued by the Australian Taxation Office (ATO), including as amended and updated by the ATO from time to time. The Data and Payment Standards require employers and superannuation funds and their agents to comply with certain requirements in the processing of Superannuation Transactions.
- (c) The Gateway Standards apply to all persons or entities which operate a Gateway (whether on its own behalf or on behalf of another person or entity) and which have accepted these Gateway Standards by submitting an application to become a Gateway Operator under the **Memorandum of Understanding**.
- (d) Without limiting paragraph (a), each Gateway Operator acknowledges that these Gateway Standards may be subject to review from time to time.

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## 2 Statement of purpose

The purpose of these Gateway Standards is to:

- (a) ensure adherence to certain minimum requirements, encouraging consistent quality of service across the superannuation industry;
- (b) promote the efficiency and effectiveness of superannuation processes;
- (c) realise lower cost, faster and more secure superannuation processes; and
- (d) promote transparency and inclusiveness of all industry participants in effecting superannuation processes.

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## 3 Application and effect

### 3.1 Effect of these Gateway Standards

- (a) Each Gateway Operator acknowledges that it is bound to:
  - (i) comply with these Gateway Standards; and
  - (ii) fulfil and perform the obligations and duties imposed on it by or pursuant to these Gateway Standards.
- (b) Each Gateway Operator acknowledges that it might have liability, for a breach by it of these Gateway Standards, to another Gateway Operator.

### 3.2 Inconsistencies

If a provision of these Gateway Standards is inconsistent with a provision of any of the following instruments, the following order of priority will prevail as between these Gateway Standards and that other instrument (highest to lowest):

- (a) the Data and Payment Standards;
- (b) the Memorandum of Understanding;
- (c) these Gateway Standards,

taking into account at all times that these Gateway Standards may be amended or clarified from time to time, by GNGB or by agreement, the process of which is outlined in the Memorandum of Understanding.

### 3.3 Gateway Operators act as Principals

- (a) Where a Gateway Operator incurs obligations under these Gateway Standards, that Gateway Operator assumes those obligations as principal notwithstanding any fact, matter or circumstance.
- (b) Except as provided otherwise, no Gateway Operator has authority to bind any other Gateway Operator.

### 3.4 Governing jurisdiction

Any disputes arising under these Gateway Standards are governed by the laws in force in the state of New South Wales, Australia.

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## 4 Defined terms and interpretation

### 4.1 Interpretation

- (a) A term or expression starting with a capital letter:
  - (i) which is defined in the Dictionary in clause 4.3 (**Dictionary**), has the meaning given to it in the Dictionary;
  - (ii) which is defined in the **Superannuation Legislation**, but is not defined in the Dictionary, has the meaning given to it in the Superannuation Legislation; and
  - (iii) which is defined in the Memorandum of Understanding, but is not defined in the Dictionary or the Superannuation Legislation, has the meaning given to it in the Memorandum of Understanding.
- (b) In these Gateway Standards:
  - (i) words importing any one gender include all genders;
  - (ii) the word 'person' includes a firm, body corporate, an unincorporated association or an authority;
  - (iii) the singular includes the plural and vice versa;

- (iv) a reference to a statute or code means the statute or code as modified or amended and in operation for the time being, or any statute, code or provision enacted in lieu thereof and includes any regulation or rule for the time being in force under the statute or code;
- (v) a reference to a specific time means Australian Eastern Standard Time unless the context requires otherwise; and
- (vi) headings are inserted for convenience and do not affect the interpretation of these Gateway Standards.

## 4.2 Relationship with the Data and Payment Standards

These Gateway Standards refer to and should be read in conjunction with the Data and Payment Standards, including all schedules, annexures and associated documents, as updated from time to time and published on the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

## 4.3 Dictionary

**APRA** means Australian Prudential Regulation Authority.

**ATO** means the Australian Taxation Office.

**Available**, with respect to a Gateway, means having an available internet presence and that the Gateway is capable of handling and processing Superannuation Transaction Messages in accordance with all requirements of these Gateway Standards.

**Beneficiary** means a member of a Superannuation Entity.

**Binding Implementation Practice note** means a ratified notification which outlines operational guidance on methods or practices for implementing the Gateway Standards and which is binding on Gateway Operators, and forms part of the Gateway Standards. These are referenced in the table at Appendix B.

**Business Day** means a day on which banks are open for business excluding Saturdays, Sundays and national public holidays in Australia.

**Business Hours** means between 9am to 5pm on a Business Day.

**Contingency** means any Disabling Event.

**Contributions** mean the superannuation contributions paid by an employer to a Superannuation Entity on behalf of a Beneficiary.

**Change** means an alteration, modification or change (including a change in configuration or interoperability parameters) to a network or any network element, including hardware, software, lines or to any operational procedure relating to the use of one or more of those items.

**Cryptography Standards** means the cryptographic standards described in the 'Approved Cryptographic Algorithms' section of the [Australian Government Information Security Manual](#), as may be updated or revised from time to time.

**Data and Payment Standards** means the [Superannuation Data and Payment Standards 2012](#) as may be updated or revised from time to time, made under the *Superannuation Industry (Supervision) Act 1993*.

**Disabling Event** means any:

- (a) processing, communications or other failure of a technical nature;
- (b) inaccessibility (total or partial) of facilities by means of which exchanges are conducted; or
- (c) manifestation of industrial action,

which affects, or may affect, the ability of any Gateway Operator to participate to the normal and usual extent in the exchange of Superannuation Transaction Messages or the Superannuation Transaction Network.

**Emergency Remedial Repair** means a repair, fix, or patch upgrade to a Gateway Operator's technology, required to enable the continuation of service and gateway availability within the Superannuation Transaction Network.

**Fund Validation Service** means the electronic service maintained by the ATO for accessing SuperStream details of APRA-regulated funds and retirement savings account (RSA) providers.

**Gateway** means a Superannuation Transaction Network entry and/or exit point operated by, or on behalf of, an employer or Superannuation Entity for the purpose of routing and/or switching the data comprised in or exchanged in connection with a Superannuation Transaction Message. This excludes any employer's or Superannuation Entity's internal or private gateway, the operation of which (including exchanges of messages) is contained exclusively within the relevant Superannuation Entity's network boundary.

**Gateway Contacts Register** means a register of contacts for Gateway Operators.

**Gateway Network Governance Body** means the body responsible for governance oversight of the Superannuation Transactions Network.

**Gateway Operator** means any person or entity which operates or supplies functions and services, in relation to a Gateway, or intends to, such as Gateway-related data and messaging services within the Superannuation Transaction Network, who has acceded to the MoU and which meets the connection eligibility criteria specified in Clause 8.1.

**Gateway Profile** means the Gateway profile in accordance with the industry standard underpinned by schedule 5 of the Data and Payment Standards.

**Gateway Standards** means this document; the *Superannuation Data and Gateway Services Standards for Gateway Operators transacting within the Superannuation Transaction Network* as may be updated or revised from time to time.

**Incident Response Plan** outlines the actions to take in response to an incident of a security nature.

**Industry Peak Period** for Superannuation Transactions are:

- (i) the 1 week period immediately preceding 30 June of any year; and
- (ii) the 1 week period immediately preceding 28 January, 28 April, 28 July and 28 October of any year.

**Information Assets** means information and information technology, including software, hardware, and data (both soft and hard copy).

**Life-cycle** means the process from planning and design through to decommissioning and disposal of an information asset.



**Memorandum of Understanding** means the document entitled *Memorandum of Understanding for Participants in the Superannuation Transaction Network* (as that document may be subsequently elaborated and replaced), together with and in which context the Gateway Standards is to be read. The Memorandum of Understanding binds Gateway Operators to the obligations contained within the Gateway Standards. The MoU is referenced in the table in Appendix B.

**Nominated Service Contact** means a person nominated from time to time by a Gateway Operator for the purposes of receiving notifications under clause 6.11, which person may be listed in the Gateway Contacts Register.

**Rollover** means the rollover or transfer of a Rollover Superannuation Benefit from one Superannuation Entity to another Superannuation Entity.

**Rollover Superannuation Benefit** has the meaning given to that term in Section 306.10 of the *Income Tax Assessment Act 1997* (Cth).

**SSTC Guidance notes** means the guidance notes endorsed by the SuperStream Standard Technical Committee. These are referenced in the table in Appendix B.

**Superannuation Legislation** means the *Superannuation Industry (Supervision) Act 1993* (Cth), the *Retirement Savings Accounts Act 1997* (Cth) and their associated subordinate legislation or regulations, as amended from time to time.

**Superannuation Entity** means those superannuation entities which are subject to the Data and Payment Standards.

**Superannuation Transaction** means any and/or all of the data transactions required to execute a Rollover or a Contribution in accordance with the Data and Payment Standards.

**Superannuation Transaction Message** means a message within the Superannuation Transaction Network relating to a Superannuation Transaction.

**Superannuation Transaction Network** means the network used to send and receive Superannuation Transaction Messages between Gateway Operators under the MoU.

**Testing Framework** means the testing framework and criteria set out in the STN Interoperability Test Plan referenced in Appendix B.

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## 5 Gateway operation overview

### 5.1 Application

These Standards set out the operating and technical requirements for interaction between and interoperation of Gateways. For clarity, except as otherwise expressly provided, these Standards are not intended to describe the operating and technical requirements for interactions that occur between a Gateway Operator and its clients (that is, employers or Superannuation Entities and their agents), which are the responsibility of the relevant Gateway Operator.

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## 6 Gateway to Gateway interoperability

### 6.1 Gateway Profile recognition

- (a) Gateway Operators must ensure their Gateway is capable of establishing a messaging connection with all other Gateway Operators and other entities that use a Gateway Profile

(including Superannuation Entities) in connection with the operation of a Gateway on the Superannuation Transaction Network.

- (b) Each Gateway Operator must ensure that its Gateway supports the sending and receiving of Superannuation Transaction Messages in compliance with the Gateway Profile.

## **6.2 Binding Implementation Practice notes**

- (a) All gateway operators are required to adopt and comply with all current ratified Binding Implementation Practice notes. Binding Implementation Practice notes are created for the purpose of clarifying uncertainty in interpretation of the Data and Payment Standards or Gateway Standards and once ratified, form part of the Gateway Standards.

The Binding Implementation Practice notes are referenced in the table in Appendix B.

- (b) Binding Implementation Practice notes must be implemented by the date specified in the Binding Implementation Practice, or within a reasonable timeframe agreed with the Gateway Network Governance Body if no implementation date is specified.

## **6.3 SSTC Guidance notes**

- (a) Subject to sub-paragraph (b), all Gateway Operators are required to adopt and comply with all SSTC Guidance notes applicable to the Superannuation Transactions Network determined by Gateway Operators in conjunction with the Gateway Network Governance Body.

The SSTC Guidance notes are referenced in Appendix B.

- (b) A Gateway Operator is not required to comply with any Guidance Note which is not applicable to it. Where a Gateway Operator makes this assessment, it must provide the basis for the assessment of non-applicability to the Gateway Network Governance Body.
- (c) Guidance notes must be implemented by the date specified in the Guidance Note, or within a reasonable timeframe agreed with the Gateway Network Governance Body if no implementation date is specified.

## **6.4 Gateway availability**

- (a) Each Gateway Operator must ensure that its Gateway is available 24 hours a day, 7 days a week except for periods of temporary unavailability or downtime during which Changes are permitted as set out within the STN Information Security Requirements.

## **6.5 Message technology and processing**

- (a) Each Gateway Operator must ensure its Gateway:
  - (i) receives, processes and sends file sizes of up to the size prescribed in the Data and Payment Standards from time to time;
  - (ii) processes and on-sends all Superannuation Transaction Messages as soon as possible after they are received. Once a Superannuation Transaction Message is received in its entirety, that Superannuation Transaction Message must be processed and on-sent immediately, subject to the availability of the receiving Gateway, and in any event within a timeframe not exceeding the following service standards:

- (A) 99.8% of Superannuation Transaction Messages must be processed and sent within 1 hour of complete receipt, measured over a monthly period; and
  - (B) all remaining Superannuation Transaction Messages must be processed and sent in a time not exceeding 6 hours of complete receipt, including during the industry peak periods defined in Section 4, and subject to the availability of the receiving Gateway.
- (iii) supports ongoing changes (as defined by the Superannuation Legislation), within 12 months of the version change, to the 'AS4' Gateway Profile of ebMS 3.0 Version 1.0 and such further versions as may become generally used and accepted in the industry from time to time and also maintains a level of one version backwards compatibility for participants using older versions.
- (b) Each Gateway Operator must implement and operate sufficient capacity monitoring software and technology on its systems to enable it to appropriately manage traffic congestion, forecast peak loads and assess its own ongoing compliance with the requirements set out in this clause

## 6.6 Transport and message security protocols

- (a) For non-interactive integrations (for example, messaging between Gateways), Gateway Operators must use a minimum level of protection of Transport Layer Security (TLS) as specified in the relevant Binding Implementation Practice note.

Binding Implementation Practice note(s) are referenced in Appendix B.

- (b) Each Superannuation Transaction Message must be digitally signed in accordance with the Gateway Profile.

## 6.7 System security – Frameworks

- (a) All Gateway Operators must implement, maintain and enforce security controls for detecting and preventing any unauthorised access to the Superannuation Transaction Network and Superannuation Transaction Messages through their own solutions both hardware and software, together with business processes, policies and operational procedures which enable the exchange of, authorisation and reconciliation of, Superannuation Transaction Messages.

As a minimum, all Gateway Operators must comply with the *Superannuation Transaction Network, Information Security Requirements* as issued by GNGB from time to time.

The *Superannuation Transaction Network, Information Security Requirements* is referenced in the table in Appendix B.

- (b) Gateway Operators must:
- (i) maintain a risk management strategy that includes activities to enable the:
    - (A) identification and prevention of fraud;
    - (B) protection, monitoring and management of its information assets including those managed by related and third parties
  - (ii) have robust mechanisms in place to detect and appropriately respond to information security incidents with an urgency that corresponds to their severity, and maintain an

information security Incident Response Plan with appropriate linkages to the GNGB Cyber Security Incident Response Plan

- (iii) ensure that they establish and maintain a disaster recovery plan to protect their Gateway from disasters and interruptions beyond their reasonable control, preserve business continuity in the event of an emergency, minimise disruption to the Superannuation Transaction Network and their individual Gateway, and facilitate the backup and restoration of affected data with appropriate linkages to the STN Business Continuity Plan
- (iv) develop and maintain appropriate procedures and policies for monitoring compliance and maintaining compliance with this Gateway Standards and associated documentation referred to in Appendix B

## 6.8 System Security - Reporting

(a) Any:

- (i) incidents or potential incidents associated with the Superannuation Transaction Network or associated infrastructure of a security nature;
- (ii) procedural or operational lapses or outages;
- (iii) failure of internal systems or controls of a Gateway Operator;
- (iv) incidents of unauthorised access to systems;
- (v) unauthorised message interrogation or interception; or
- (vi) unauthorised access or changes to data,

must be reported in a timely manner to the Gateway Operator's impacted client(s) and the Gateway Network Governance Body in line with procedures set out within the Superannuation Transaction Network Issues Management Protocols and GNGB Cyber Incident Response Plan where appropriate.

- (b) A Gateway Operator must log an incident report with each other affected Gateway Operator if, for any reason, including but not limited to those described in 6.8(a), there is an unplanned outage of more than 30 minutes which affects that Gateway Operator's ability to continue exchanges across the Superannuation Transaction Network. The incident report needs to be made available to each other affected Gateway Operator and the **Gateway Network Governance Body** within two weeks of the outage and cover the cause, impact, sequence of events and resulting remedial and preventative action items.
- (c) A Gateway Operator that becomes aware of or reasonably suspects any actual or significant attempted security threat to the Superannuation Transaction Network, any Gateway or any hardware, software, lines and operational procedures which enable the exchange of, authorisation and reconciliation of Superannuation Transaction Messages must immediately notify:
  - (i) any other Gateway Operator that may be affected, and
  - (ii) the Gateway Network Governance Body.
- (d) A Gateway Operator that makes a data breach notification to the Office of the Australian Information Commissioner (OAIC) under the *Privacy Amendment (Notifiable Data Breaches)*

*Act 2017*, that is related to the Superannuation Transaction Network, must also notify the Gateway Network Governance Body of the notification, including key details of the breach.

- (e) Each Gateway Operator must record and maintain (and ensure that its message sending and receiving platforms implement and maintain sufficient logging and tracking capability to record and maintain) an end-to-end audit trail of the path of a Superannuation Transaction Message, from the point of entry into that Gateway Operator's systems (onto and through its Gateway) to the point of exit from that Gateway Operator's systems. Each Gateway Operator will procure that such records, limited to the evidence of a message path including time and date stamps, message identifiers, receiver and sender information, must be:
  - (i) maintained in accordance with the same requirements applying to reports required to be maintained under section 105 of the *Superannuation Industry (Supervision) Act 1993* (Cth); and
  - (ii) made available to employer or Superannuation Entities and applicable regulatory authorities on disconnection from the Superannuation Transaction Network or as and when requested.

### **6.9 Disasters, emergencies and business continuity**

- (a) All Gateway Operators must meet its obligations under the *Superannuation Transaction Network Business Continuity Plan*, including any obligation to report incidents which may cause disruption to the Superannuation Transactions Network. All Gateway Operators:
  - (i) acknowledge the authority of a Response Group formed under the *Superannuation Transaction Network Business Continuity Plan* to determine the appropriate response, and
  - (ii) agree to comply with directions issued by the Response Group if the *Superannuation Transactions Network Business Continuity Plan* is activated.

The *Superannuation Transaction Network Business Continuity Plan* is referenced in the table in Appendix B.

### **6.10 Access to ATO Enabling Services – Fund Validation Service**

All Gateway Operators must ensure the latest and most appropriate Fund Validation Service data, as issued by the ATO, is used in the direction of Superannuation Transaction Messages, ensuring no loss of service or misdirection of Superannuation Transaction Messages due to inaccurate records.

### **6.11 Problem and error management**

- (a) All Gateway operators must meet the service level commitments set out in the *STN Issue Management Service Levels*.

The *Superannuation Transaction Network, Issue Management Service Levels* is referenced in the table in Appendix B.

- (b) In the first instance, Gateway Operators must comply with all applicable error management protocols and procedures set out in the Data and Payment Standards including technical retry processes and procedures.
- (c) In the case of non-receipt of a signal message receipt for a Superannuation Transaction Message, the sending Gateway Operator must initiate resolution protocols with the proposed receiving Gateway Operator in the form of telephone contact or electronic alert, to the

Nominated Service Contact for the receiving Gateway Operator within 2 Business Hours of the sending of the original Superannuation Transaction Message.

- (d) The sending Gateway Operator remains obliged to resolve the non-receipt situation and achieve signal message receipt success until the Nominated Service Contact of the proposed receiving Gateway Operator is contacted, alerted to the issue and accepts responsibility for its resolution.
  - (e) If signal message receipt success is not achieved within 3 Business Hours of the sending of the original Superannuation Transaction Message, notwithstanding the Gateway Operator complying with its obligations under clauses 6.11(c) and 6.11(d), the sending Gateway Operator must also promptly notify the unresolved issue to the employer or Superannuation Entity on whose behalf the original Superannuation Transaction Message was sent.
  - (f) In the event that errors are not resolved by the protocols in clause 6.11(a), Gateway Operators will refer the matter to the Gateway Network Governance Body.
- 

## 7 Connection integrity

### 7.1 Redundant connections

Each Gateway Operator must maintain two distinct permanent connections to the Superannuation Transaction Network. Sufficient redundancy must be provided to ensure that no single point of failure exists within the network components under each Gateway Operator's control. An active-active configuration is preferred for Gateways with large Superannuation Transaction Message volumes.

### 7.2 Contingency

Gateway Operators have a responsibility to each other to co-operate in resolving any processing difficulty including during a Contingency. To the extent that such co-operation does not adversely affect its own processing environment, a Gateway Operator receiving a request for assistance may not unreasonably withhold such assistance.

### 7.3 Availability and support

Each Gateway Operator's infrastructure and support arrangements shall be such as to meet the availability requirements of the Superannuation Transaction Network. Each Gateway Operator must ensure that it has appropriately qualified and experienced personnel to service and support its Gateway and associated functions, which person(s) are available to provide:

- (a) dedicated support during Business Hours; and
  - (b) remote on-call support outside Business Hours.
- 

## 8 Connections and disconnections

### 8.1 Connection eligibility

To be and remain eligible for connection to the Superannuation Transaction Network for the purposes of operating a Gateway, a Gateway Operator must:

- (a) Fulfil eligibility criteria as outlined in clause 3.1 of the Memorandum of Understanding and be accepted by the Gateway Network Governance Body as a Gateway Operator

- (b) undertake and successfully complete the entry process in accordance with the *Superannuation Transaction Network process and requirements for New Gateway Operators*;

The *Superannuation Transaction Network process and requirements for New Gateway Operators* is referenced in the table in Appendix B.

- (c) have its connection request endorsed by written notification:
  - (i) from a Superannuation Entity to the ATO resulting in the Gateway Operator being recorded in the *ATO Fund Register* as the Gateway Operator for the Superannuation Entity; or
  - (ii) from a Superannuation Entity to the Gateway Network Governance Body nominating the Gateway Operator as their Gateway Operator; or
  - (iii) from an employer or their service provider to the Gateway Network Governance Body nominating the Gateway Operator as their Gateway Operator;
- (d) commit to certify each other, as participants in the Superannuation Transaction Network by undertaking and successfully passing interoperability testing between all parties to the Memorandum of Understanding as outlined in the testing framework and criteria set out under clause 8.1(a) and clause 8.3.

## **8.2 Disconnecting Gateway Operators**

Before a Gateway Operator may disconnect its connectivity or systems from the Superannuation Transaction Network, that Gateway Operator must:

- (a) agree a disconnection plan with the Gateway Network Governance Body within 20 days of that resignation or termination, of which plan is to be implemented and progress monitored in cooperation with the Gateway Network Governance Body;
- (b) immediately provide written notice of that disconnection to each client employer or Superannuation Entity for which it performs Gateway Services;
- (c) reasonably co-operate with each such employer or Superannuation Entity in relation to the co-ordination of any such proposed disconnection and the transition of the performance of Gateway-related functions and services (including Gateway-related data and messaging services) and/or connected or associated functions to any other Gateway Operator nominated by that employer or Superannuation Entity;
- (d) cooperate with the transfer of historical data records, if required, by the Gateway Operator's client(s) as allowed under clause 6.8(e)(ii); and

## **8.3 Testing requirements for changes**

- (a) Gateway Operators must undertake testing upon changes to the Superannuation Transaction Network.
- (b) All Gateway Operators must participate in and complete any testing co-ordinated by the Gateway Network Governance Body. The Gateway Network Governance Body will co-ordinate testing across the Superannuation Transaction Network for any significant changes including circumstances such as a Message Implementation Guide version update.
- (c) All other testing is to be conducted by agreement among the participating Gateway Operators, with regards to:

- (i) establishing an agreed scope for testing, which must at a minimum address testing for all applicable test types set out Appendix A;
- (ii) establishing an agreed timetable for testing;
- (iii) any reasonable requests of each test partner Gateway Operator.
- (iv) Gateway Operators may use sample instances and test data made available on an industry wide basis, or alternative test data may be used as mutually agreed
- (v) Gateway Operators must use reasonable endeavours to make their systems available for testing.
- (vi) Gateway Operators must not unreasonably withhold or delay in making its systems available for testing, nor grant consent on unreasonable conditions.



## Appendix A – Test Types

Test type	Description	Test Areas to be covered (but not limited to)	Testing Scenarios	Success measure
Gateway Operator Internal testing	Testing to be conducted within each organisation in line with individual project development lifecycles	<ul style="list-style-type: none"> <li>• Message receipt and processing</li> <li>• Message generation</li> <li>• Validation of message data including header and payloads where applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Send to self in test environment</li> <li>• Open and process messages</li> </ul>	<ul style="list-style-type: none"> <li>• Message technical structure complies with EbMS 3.0/AS4.0 standards</li> <li>• Message business content complies with SuperStream MIGs</li> </ul>
Connectivity testing	Testing: <ul style="list-style-type: none"> <li>• the ability to connect to other gateway operators in test environments and the production connection; and</li> <li>• ATO connection for Fund Validation Services</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual authentication</li> <li>• Digital certificate authentication</li> </ul>	<ul style="list-style-type: none"> <li>• Open connection</li> <li>• Close connection</li> <li>• Confirm authenticated party</li> <li>• Detect unauthenticated party</li> </ul>	<ul style="list-style-type: none"> <li>• Connection to authorised gateways confirmed</li> <li>• Connection to unauthorised gateways rejected</li> <li>• Successfully shut down connection as defence</li> </ul>
Ability to send/receive messages/file testing	Testing to ensure that, even though a connection can be achieved, the connection allows a file/message to be sent/received	<ul style="list-style-type: none"> <li>• Files/messages received acknowledged and processed</li> <li>• Files/messages sent</li> <li>• Files/messages received and acknowledged by all funds on the Gateway Operator's network</li> <li>• Transport level encryption in tact</li> </ul>	<ul style="list-style-type: none"> <li>• Send to other party,</li> <li>• Receive from other party</li> <li>• Routing positive and negative scenarios including valid/invalid addressing</li> </ul>	<ul style="list-style-type: none"> <li>• Reconciliation with counterparties accounts for all files/messages</li> <li>• Message integrity intact</li> </ul>
Error/Response Messages	Ensure ability to generate appropriate technical receipt or error messages	<ul style="list-style-type: none"> <li>• Technical error messages sent/received</li> <li>• Ability to resolve non receipts/errors</li> </ul>	<ul style="list-style-type: none"> <li>• Deliberate error scenarios</li> <li>• Deliberate non receipt generation from/to counterparties</li> </ul>	<ul style="list-style-type: none"> <li>• Generation of accurate error codes,</li> <li>• Validation of successful business resolution processes</li> </ul>
Format/content testing	Testing, using test data, to ensure the recipient can pick up the file/message and "read" it or onsend it	<ul style="list-style-type: none"> <li>• ebms Header testing</li> <li>• Message testing will be across all message types.</li> <li>• Include compressed payload and associated processes</li> </ul>	<ul style="list-style-type: none"> <li>• Positive and negative scenarios including valid/invalid senders/receivers, dates, ABN/TFN, message types and error codes</li> </ul>	<ul style="list-style-type: none"> <li>• Counterparty gateways can "read" and route messages to/from new gateway</li> </ul>
Integrity testing	Testing to ensure that new connections have not corrupted any other parts of the Superannuation Transaction Network.	<ul style="list-style-type: none"> <li>• Network participants connect and subsequently disconnect</li> </ul>	<ul style="list-style-type: none"> <li>• All participants connect and mutually authenticate – end to end network connections</li> </ul>	<ul style="list-style-type: none"> <li>• Uninterrupted network availability as a result of new connection</li> </ul>

## Appendix B – References

### STN Documents

Published (link)	Document Title	Key Related Clauses
<a href="#">MoU</a>	Memorandum of Understanding for participants in the Superannuation Transaction Network	1, 3.2
<a href="#">Binding Implementation Practice (BIP) notes</a>	Binding Implementation Practice (BIP) notes	6.2, 6.6
Not published	Superannuation Transaction Network, Information Security Requirements	6.4, 6.7
Not published	Gateway Operators Group, Superannuation Transaction Network, Business Continuity Plan	6.7, 6.9(pending q's)
Not published	Superannuation Transaction Network, Issue Management Service Levels	6.11
Not published	GNGB Cyber Security Incident Response Plan and Recommended Steps guide	6.7
<a href="#">Gateway entry process</a>	Superannuation Transaction Network, Process and requirements for New Gateway Operators	8.1
<a href="#">STN interoperability test plan</a>	STN Interoperability Test Plan – Contribution and Rollover Transactions	8.1

### ATO Documents

Relevant documents & services include:

- Data and Payment Standards – clauses 1, 3.2, 4.2
- SSTC Guidance Notes – clause 6.3
- Fund Validation Service – clause 6.11
- ATO SBSCH Interoperation Statement with Gateway Operators

Information about these documents and services can be found at websites maintained by the ATO:

- [www.ato.gov.au](http://www.ato.gov.au)
- <http://softwaredevelopers.ato.gov.au>

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## Appendix E - SuperStream Benefits Report



**Australian Government**  
**Australian Taxation Office**

**SuperStream**

# SuperStream Program Benefits Report

(As at December 2016)

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# Executive summary

The scope of this report is to detail the benefits arising from the 'SuperStream' Program (SuperStream) up to December 2016.

SuperStream arose from the 2010 Super System Review (Cooper Review) into the governance, efficiency, structure and operation of Australia's superannuation system.

The terms of reference included a requirement to conduct the review focusing on the best interests of the member; maximising retirement incomes for Australians; and consulting widely with the superannuation industry, other stakeholders and the broader public (Refer to section 9.2).

The Cooper Review found that much of the so called 'back office' of the superannuation industry was manually transacted and reflected a lack of industry data standards. This inhibited the efficient processing of transactions resulting in millions of 'lost' superannuation accounts and created difficulties for members to consolidate multiple accounts. These features added to the administrative costs for members and led to ongoing administrative complexity.

The review also found that employers often struggled to get their employees' contributions right as 'choice of fund' took hold and their compliance costs increased. It was also found that employers varied widely in their capabilities, especially across small business, as they were challenged to manage the rising number of divergent funds they had to deal with in supporting their employees' exercise of choice.

It was further noted that previous attempts by industry to innovate had failed to produce the desired results. This led to the creation of SuperStream.

SuperStream was designed to be a comprehensive package of legislative and administrative reforms. It was planned to provide the superannuation industry with 'fit for purpose' data standards to modernise the processing of fund member transactions, and also improve the member, employer and fund experience and their confidence in the superannuation system.

In November 2010 the government introduced legislation to improve the data quality; allow the use of tax file numbers (TFNs) as the primary account identifier; encourage the use of technology

to improve processing efficiency; improve fund-to-fund rollover processing; and the way contributions were made by employers.

In consultation with the superannuation industry, the Australian Taxation Office (ATO) led the planning and implementation of system reform. SuperStream introduced a data and payment standard to drive more automated and timely processing of employee transactions.

The active support of industry for these initiatives was pivotal. This support and a recognition of the importance of the reform resulted in industry co-funding SuperStream in 2012.

With this industry engagement a digital standard was designed to improve efficiency, provide an easier system for employers to use, reduce lost accounts and provide a timelier flow of money to members' accounts. These changes required new support and enabling services for industry and fund members along with a series of staged technological implementations over the last four years. Importantly, it was also designed to simplify processes for consolidation of accounts and reduce the number of multiple accounts held by members.

Since 2012 the size and scale of the SuperStream changes have been significant. They have impacted on and required the support of over a million businesses including around 800,000 employers, 2,500 Australian Prudential Regulation Authority (APRA) funds and 350,000 self-managed super funds (SMSF).

To move to greater efficiencies and member benefits, key legislative and regulatory instruments were necessary to ensure industry compliance. These included:

- the expanded legal use of TFN powers to enable fund trustees to use tax file numbers as a locator in July 2011 and to consolidate accounts in January 2012.
- the introduction of the *Superannuation Legislation Amendment (Stronger Super) Act 2012* and the supporting regulation in November 2012. This outlined the framework for the introduction of mandated standards, enabling services and improved performance benchmarks.
- the replacement of the 30-day rule for funds to process contributions and rollovers with a three-day processing rule to significantly improve the allocation of money to members' accounts.

- the requirement for employers to provide a specified minimum data set which greatly reduced the wide variation of data items deemed to be 'optional'.
- the introduction of a mandated annual cost recovery mechanism in the form of a SuperStream levy on APRA funds which was ultimately set at \$427 million over seven years.
- the introduction of the *Superannuation Data and Payment Standards 2012* set out the legal instruments for data standards, messaging protocols, payment methods and an implementation pathway for rollovers, contributions and other reporting transactions.

From these legislative and administrative reforms, innovation was driven across the already complex stakeholder arrangements in the industry. Funds and employers were able to draw on a wide array of competitive solutions. New commercial relationships were developed across superannuation administrators, clearing houses, payroll software companies, accountants and book-keepers.

The key benefits of SuperStream are categorised into three core outcomes: *lower cost; ease of operation in the superannuation system; and increased retirement savings.*

At the core of these benefits is the emergence of a network of messaging gateway providers. These gateway providers efficiently process over 80 million transactions per year in a standardised digital form.

In 2016 an independent industry oversight board was formed, the Gateway Network Governance Body Ltd (GNGB). This completed the framework announced by the (then) Assistant Treasurer Senator the Hon. Arthur Sinodinos AO in his press release of July 2014. (Refer to section 9.3).

Through the SuperStream journey, the role of the ATO in the superannuation system has changed quite dramatically. The ATO now plays a major enabler and partner role with industry, as well as overseeing administration of the standard.

To manage and support this set of changing roles, ATO-led collaborative industry bodies have formed with arrangements to now support the SuperStream changes. These arrangements have been seen as great value to SuperStream stakeholders.

With the total investment to date at an estimated \$1.5 billion<sup>1</sup> over the 2012 to 2018 financial years, it is recognised that the implementation costs have been significant. The cost has largely been borne by APRA funds, and employers or their agents. While this investment cost is significant, so too are the benefits that have commenced and will continue to flow from system maturation.

Specifically, estimates of these realised efficiencies are approximately \$800 million per year, comprising about \$400 million per year for employers and a further \$400 million per year for funds. More significantly, the estimated savings for members from this investment is estimated at \$2.4 billion savings per annum.

When industry performance is compared to the base year of the Cooper Review in 2010, significant shifts in productivity and efficiency are already clearly visible by:

- a sharp rise in the volume of digital transactions for contributions and rollovers
- a massive reduction in cheque numbers used in payments
- closing large manual processing teams like mail rooms and identity checking
- faster rollovers of member monies from fund to fund
- greater consolidation of member accounts
- a sustained drop in the number of lost super accounts.

This report confirms the magnitude of the industry-wide shifts in productivity and efficiency by these indicators:

- approximately 17 million<sup>2</sup> fewer cheques handled each year by funds, which is an 87% reduction in cheque numbers since the Cooper Review
- over 85% straight-through processing rates on contributions
- over 95% straight-through processing rates for rollovers now allowing automated allocation to a member's account
- over 6 million member identity matches per year due to: the integration of the ATO's TFN validation service into fund administration processes; and a reduction in fund complexity for employers from a median of 30 sending channels down to one or two

<sup>1</sup> This is based on estimated Super Fund costs of \$900 million and estimated Employer costs of \$600 million as outlined further in this report.

<sup>2</sup> ATO estimate based upon total payments adjusted for Clearing house aggregation and existing electronic payments



- strengthened identification from TFN usage for member accounts reducing the growth in lost member and unclaimed monies, while helping members recover and claim these monies
- faster overall allocation of money to accounts resulting in member's earning at their nominated investment rates at the earliest possible time.

As importantly, the degree of improvement to the experiences of fund members, employers or superannuation funds is measurable.

A **member's experience** has been improved from:

- **time savings in rolling over and consolidating super accounts** as members can now complete a rollover in three days compared to an average of 45-60 days previously
- **greater ease in rolling over and consolidating members accounts** as account consolidations can now be performed online by a member within minutes
- a **reduction in unnecessary accounts and the recovery of lost and unclaimed monies** which has led to a reduction in lost member accounts by nearly 90% in the last six years (that is 5.2 million accounts recovered)
- **stronger protection of a member's retirement savings** through reduced fees from consolidations and faster allocation of member's money into their accounts.

An **employer's experience** has been improved from:

- **less processing time for completing contributions** with an average 70% time saving and \$400 million in ongoing efficiencies
- **simplification in sending contributions through a single channel** so that in the case of a typical 60 employee business, eliminating interactions with between 15-30 funds
- **a reduction in re-work** through receiving help to get data right at the source via improved tools and processes.

A **super fund's experience** has been improved from:

- **the transition to digital rather than manual transactions for contributions and rollovers** with digital now accounting for over 95% of all transactions
- **widespread automation of transactions with use of straight-through processing** with automation rates now over 85% in contributions and 95% in rollovers
- **improved quality of key data holdings, in particular of member details** from compulsory TFN usage as an identifier and from new data validation services.
- **the simplification of data transfer between employers and funds** as variation in the payroll data sets has reduced and a standardised taxonomy has become the norm.

This report shows that the SuperStream outcomes of lower cost, ease of operation, and increased retirement savings can be easily traced to these benefits.

Specifically, this report illustrates that the implementation of SuperStream during July 2012 to December 2016 has delivered a range of benefits that have fundamentally improved the superannuation system experience for fund members, employers and funds.

Looking ahead, there are other program elements to be completed in 2017 – 2018.

A second benefits report will be completed when the remaining reporting components of SuperStream are finished by mid-2019.

# 1. The case for reform

The 2010 Cooper Review clearly laid out the case for change to streamline the back office of superannuation.<sup>3</sup>

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## Cooper Review (2010) Chapter 9, page 275:

### Issue

*Today, much of the 'back office' of superannuation is characterized by manual transactions; a lack of industry data standards; inefficient processing of transactions; millions of 'lost accounts and difficulties for members in consolidating multiple accounts. This inefficiency cost members and strains administrative resources.*

### Proposed Solution

- *The Panel proposes measures, including:*
- *Electronic transmission of linked financial and member data using standardizes formats;*
- *Use of the tax file number as a primary member identifier; and*
- *Better alignment of pay and contribution cycles.*

### Benefits for members

- *Members would benefit from these SuperStream measures in the following ways:*
  - *Increased retirement savings because:*
  - *Contributions would enter the system more quickly and efficiently and start earning returns sooner;*
  - *Some of the reduced operational and administrative cost for super funds would flow through to members; and*
  - *Lost accounts would be found and there would be much less chance of 'losing track' of super in the future;*
- *Less time and effort would be spent consolidating multiple accounts; and*
- *Improved confidence in the integrity of the system.*

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The review concluded that member's interests were not being best served due to widespread inefficiencies in the processing of employer contributions and rollovers, while the number and cost of accounts were increasing with members frequently losing track of super as they changed jobs or residency.

APRA funds were seeking change on a range of fronts, including greater use of tax file numbers (TFN) and e-commerce methods. However, despite the industry's best efforts over the preceding decade, attempts to innovate around standards and 'go digital' through initiatives such as SWIMEC<sup>4</sup> had failed to produce tangible results.

The Cooper Review accepted the widespread evidence that these inefficiencies could be tackled through the use of proven tools and methods. The review termed this new way of doing things - SuperStream:

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*"SuperStream is a package of measures designed to bring the back office of superannuation into the 21st century. Its key components are the increased use of technology, uniform data standards, use of the tax file number as a key identifier the tax file number as a key identifier processing of superannuation transactions."*

## Cooper Review (2010), page 17

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However, the reviewers foresaw that some level of compulsion would be needed to galvanise stakeholders around the process and remove the roadblocks to change.

In 2010, manual processes were still the norm in the super industry with cheques predominating even in transactions between funds. The 'exceptions' were often the main business of the day and costly to run; members were required to submit paper copies of identity-related documents often spending weeks or months mailing items back and forth; and the number of member accounts were proliferating every year.

Employers, on the other hand, often struggled to get contributions right in the face of growing complexity as 'choice of fund' took hold<sup>5</sup> and their compliance costs increased. Employers varied widely in their capabilities, especially at the small business end, but could do little to manage the rising number of funds they had to deal with and their diverging requirements.

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<sup>3</sup> Super System Review (Cooper Review) into the governance, efficiency, structure and operation of Australia's Superannuation System (2010).

<sup>4</sup> SWIMEC is an acronym for Superannuation, Wealth and Investment Management Electronic Commerce. This press release provides further background: "swimEC makes Super payments easier for employers", Press release, 4 April 2005

<sup>5</sup> Choice of fund was introduced for employees in 2005 to provide greater retirement product options.

Funds were beginning to invest in new member and employer portals and upgrade their administration systems, with the emergence of clearing houses and other intermediary service providers with new solutions. However, the pace of change was slow. The engagement of employers in this process was primarily limited to large employers and sponsors of corporate schemes.

Even among the most highly engaged fund members, individuals faced considerable hurdles in navigating the super system.

Tracking multiple accounts within or even between funds was difficult and time consuming<sup>6</sup>. Rolling over and consolidating funds was a lengthy process which often ended in failure,<sup>7</sup> and the pool of lost and unclaimed monies was growing year on year –at rates faster than the natural growth in the labour force.

APRA funds accepted that change was needed, but pointed to the lack of a ‘first mover’ advantage and the need for a mandate to get all players on board. With this appetite for change, SuperStream, along with MySuper and other related changes, became the vehicle to tackle these challenges and deliver the necessary momentum.

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*“Only 6% of the members surveyed were successful in consolidating their accounts and rolling their money into one fund.”*

**An unnamed superannuation executive  
‘The \$20 billion prize’,  
Joint FSC-EY research, August 2010**

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<sup>6</sup> There were over 32 million accounts in 2010. An estimated 10-16 million of these were multiple member accounts with possibly 60-80% of these drawing unnecessary fees from the member’s overall retirement balance.

<sup>7</sup> The actual failure rate in rollover attempts (member transaction request resulting in failure/abandonment to transfer funds to another fund) is difficult to estimate in the absence of comprehensive data sets. However available studies pointed to failure rates in the range of 60- 94% of all rollover requests in the 2010 period (Cooper Review, SuperStream Phase 2 Preliminary Report, March 2010 p.21; Joint FSC-EY Research, 2010 p.11). Discounting by 35% for invalid requests such as account closed and change of mind, this would imply **adjusted** failure rates of around 40-65% of total requests.

## 2. Key SuperStream delivery milestones

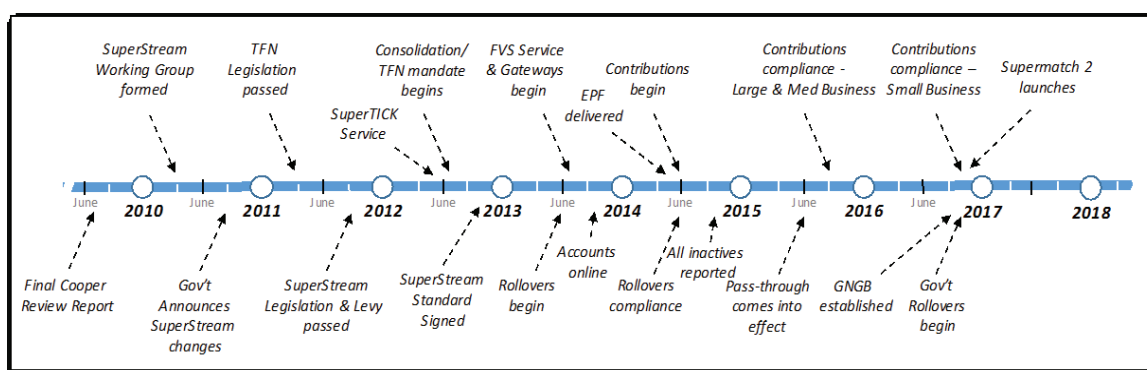
In response to the Cooper Review, in early 2011 the government established the Stronger Super Peak Consultative Group tasked with advising the government on how best to implement the Stronger Super package announced by the government.

An industry-based committee in the form of the SuperStream Working Group was convened to develop an implementation pathway for the report's recommendations. This group included fund, employer, accounting, software and payment industry representatives as well as key regulatory agencies. It was the first in a continuing line of collaborative industry forums to help steer SuperStream to deliver the required change.

From this, a succession of industry initiatives to shape and lead this change began, including:

- the piloting of electronic rollover projects over two years by the Industry Funds Forum (IFF) and Affiliation of Superannuation Practitioners (ASP)<sup>8</sup>.
- a renewed investment in online administration platforms and clearing house capabilities
- a stronger focus on member engagement and retention strategies.

Key SuperStream milestones: 2010 to 2017



In September 2011, after accepting the working group's recommendations, the government announced the final package of SuperStream changes with a timetable for supporting legislation and implementing a range of initiatives.

From then a series of legislative and regulatory changes occurred:

- in July 2011 legislative changes allowed the expanded use of an individual's TFN to enable fund trustees to use tax file numbers as a locator<sup>9</sup>, and then in January 2012 to consolidate accounts

- in November 2012 the introduction of the *Superannuation Legislation Amendment (Stronger Super) Act 2012*<sup>10</sup> and the supporting regulation (that outlined the framework for the introduction of mandated standards) to enable services and improved performance benchmarks.
- the replacement of the 30-day rule for funds to process contributions and rollovers with a mandated three-day processing rule which drastically improved the speed of money to members' accounts.

<sup>8</sup> See for example IFF (June 2010) Update and Affiliation of Superannuation Practitioners (March 2011) media release: Leading superannuation practitioners unite to deliver industry improvements.

<sup>9</sup> Amendments to S.353(1) of the *Superannuation Industry (Supervision) Act 1993* effective from 1 July 2011 and the *Superannuation Industry (Supervision) Amendment Regulations 2011* (No.4) effective from 1 January 2012.

<sup>10</sup> July 2012 (91/2012).

- the requirement for employers to provide a specified minimum data set which significantly reduced the wide variation of data items deemed to be 'optional'<sup>11</sup>.
- in June 2012 the Supervisory Levy Imposition Amendment Bill 2012 was introduced to mandate an annual cost recovery mechanism for the SuperStream program in the form of a SuperStream levy applied to APRA funds. This was set at \$427 million over seven years.
- the *Superannuation Data and Payment Standards 2012* (January 2013) took effect which stipulated data standards, messaging protocols, payment methods and implementation pathway for rollovers, contributions and other reporting transactions.

The development of the data and e-commerce elements of the standard was a very large undertaking and one with far-reaching implications for the SuperStream initiative.

Over an intensive two-year period from 2010 to 2011, the ATO collaborated closely with practitioners in the super fund, administration, clearing house, and payroll and employer communities to define the new standard.

The outcomes from this period of collaboration were:

- a major revamp of the Standard Business Reporting (SBR) framework to accommodate Business to Business (B2B) transactions and align them with the ebMS/AS4 messaging standard<sup>12</sup>
- changes to the Australian government taxonomy to incorporate superannuation terms
- specifying data and messaging requirements for member rollover requests, member rollover transactions, member registrations, contributions transactions and related response and error messaging transactions.

- the formation of an industry-sponsored governance framework for the SuperStream transaction network.

These actions established both the data and messaging infrastructure for developers, and implementation pathways for major releases (through progressive staging) of the standard platform on which further interactions can be built upon. The pathways include change management, issue handling and versioning protocols.

A community of over 150 software developers, service providers and delivery partners were engaged by the ATO to implement SuperStream on a shared timeline and pathway.

Legislation on the expanded use of the TFN as a mandatory identifier and/or account locator legislation were particularly important milestones. It greatly enhanced the integrity of the information exchange between funds to vastly improve identity matching. It established the legal basis on which funds could use a member's TFN as a primary identifier to find accounts within a fund. This was then the trigger for a wave of intra-fund consolidation, followed by other changes to promote further modifications across funds<sup>13</sup>.

In June 2013 the ATO was authorised to disclose and correct TFNs on a real-time basis with funds through its SuperTICK service. This transformed a slow, cumbersome and batch-oriented process into a dynamic, event-driven process more responsive to members' needs.

The ATO delivered major breakthrough improvements in account visibility for individuals. This was supported by the release of an in October 2013 to view and track all active super accounts.

<sup>11</sup> Coupled with the later regulatory changes which mandated that funds provide a 'pass-through' service, these data changes were the key drivers for achieving a major simplification of the employer experience with standard data and a single channel. Pass-through applies to employers with a default fund relationship and enables the employer to send all employee contributions, including for choice fund members, to the default fund which is then responsible for passing contributions data on to any other fund as specified. See [Tax and Superannuation Laws Amendment \(2014 Measures No. 4\) Regulation 2014](#).

<sup>12</sup> The AS4 standard can be referenced at the [OASIS website](#). This revision became known as 'SBR-2' and was embodied in the [SuperStream standard legal instrument](#).

<sup>13</sup> Although a successful change, not all issues associated with member traceability, lost super and account proliferation were solved by this reform and therefore some of the underlying causes remain (for example, members can opt to not quote their TFN).

On 1 July 2014, the ATO transitioned this online facility into the myGov portal. This linked the approach with the broader digital access strategy of government, while adding optimisation features for mobile devices. In October of the same year a standard rollover request was added as an automated feature so that members could initiate requests to funds for instant consolidation from the government portal<sup>14</sup>.

In July 2014, the adoption of SuperStream for rollover transactions between APRA-regulated funds began. Over 2,400 funds implemented the new messaging-based standard within a six-month period. This resulted in an annual flow of approximately 1.1 million rollover transactions into the new system.

This was the first of a series of ground-breaking transitions for the industry. The industry moved from paper transactions to electronic messaging; cheques to electronic payments; data formats were standardised; and there were unique identifiers for members (TFN's) and funds (unique superannuation identifiers or USIs). Straight-through processing quickly became the norm while processing times fell dramatically and rollover completion quickly increased towards 100%.

By October 2014, individuals had searchable access to over 34.7 million active and inactive accounts (2014 reported data), including their last reported account balance data. This represented a near doubling of the account information available to members.

It should be noted that myGov was also the new access point for individuals completing *e-tax* (which facilitated system prompts) resulting in a significant increase in the numbers of individuals checking and consolidating their super during Tax Time 2014. In the six months to December 2014, traffic increased by over 400% with more than 265,000 accounts being consolidated for balances totalling \$1.13 billion<sup>15</sup>.

To support these rollovers, the SuperStream gateway messaging network provides on boarding and message routing services for

rollover transactions (and later contributions) was established. From a unique collaboration between ASP and the ATO, a diverse set of service providers from the banking, clearing house, messaging, software and super fund markets emerged to become foundation members of the Gateway Network Governance Body (GNGB).<sup>16</sup> This network processes approximately 80 million transactions per year.

In July 2014, the implementation of SuperStream for contribution transactions began with the first of two stages or 'transition-in' periods. The initial stage saw funds move into a ready state for receiving SuperStream compliant transactions from employers, while large and medium employers began sending in the new format<sup>17</sup>. There was a wide-ranging effort to test and certify new products into the market as well as 'induct'<sup>18</sup> them safely into the new operations network.

By the end of June 2015 all APRA funds were in receiving mode and the volumes of transactions from employers began to accelerate exponentially. A further four months were allowed for large and medium employers to complete their implementations, and by 31 October 2015 substantial compliance had been achieved across these segments.

From 1 July 2015, small business began their twelve month transition-in period. This was ultimately extended by four months to 31 October 2016 to provide more take-up time. From September 2015, APRA funds also began both quarterly reporting of transaction volumes and cost of contributions processing for the first time<sup>19</sup>.

During late 2016, the SuperStream gateway network was successfully transferred from temporary ATO stewardship into the hands of the Gateway Network Governance Body Ltd (GNGB). The GNGB is a not-for-profit public company established by industry participants as a self-regulatory body to oversee gateway operations.

<sup>14</sup> This facility is known as an 'Electronic Portability Form (EPF)' and was the first ATO- source transaction converted to a fully conforming state with SuperStream standard for electronic rollover requests.

<sup>15</sup> In one case, 17 accounts were consolidated by a single member.

<sup>16</sup> More details can be found [ato.gov.au/Super/SuperStream/In-detail/Gateway-governance/Gateway-network](http://ato.gov.au/Super/SuperStream/In-detail/Gateway-governance/Gateway-network).

<sup>17</sup> Many smaller employers (as many as 25% of the market) also implemented during this period in response to various marketing campaigns by the ATO, funds, clearing houses and payroll providers.

<sup>18</sup> A form of 'closely managed' and staged introduction of a product into the market - initially with small volumes and few sender/receivers - and then, as performance check-points were verified, ramping up to full scale and network connectivity.

<sup>19</sup> [SuperStream Benchmarking Measures \(SRS 711.0\)](#)



From SuperStream’s outset, the ATO was committed to progressively replace existing fund reports with SuperStream standard compliant products (business-to-government B2G or interactions rather than B2B). This was expected to drive a wide range of benefits such as the:

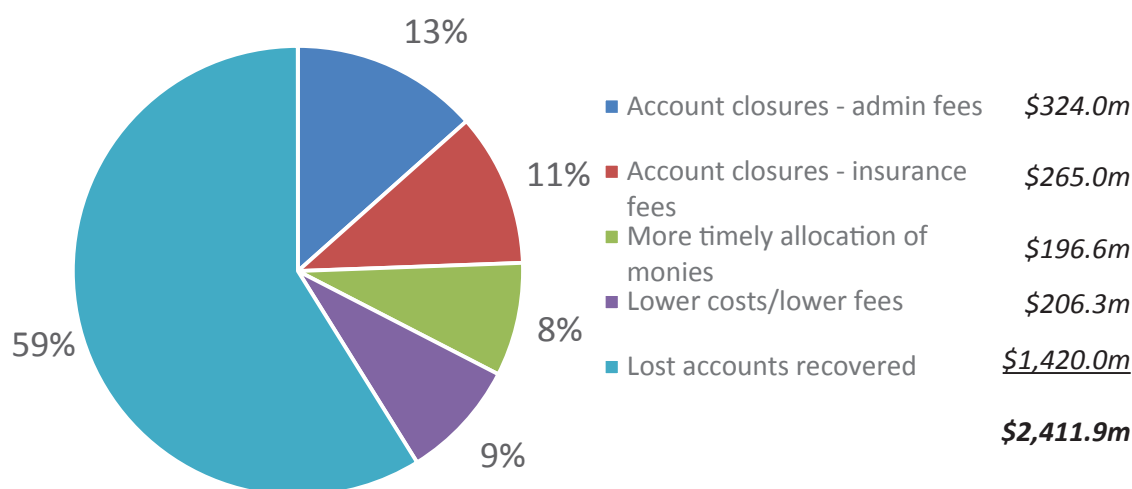
- rationalisation of the number of reporting products (including elimination of the sundry Payment Variation Advice (PVA) forms<sup>20</sup>)
- alignment of ATO reporting formats to the rollover and contribution message types where relevant (therefore streamlining further the variation in products)

- stability and reuse of terms through rigorous use of the SBR taxonomy
- movement towards real-time or continuous reporting with greatly reduced cycle times.

By late 2016 a wide range of benefits had been documented.<sup>21</sup> SuperStream had generated a pipeline of benefits estimated at \$2.4 billion per year in members’ savings although some are yet to be realised<sup>22</sup>. These savings, including recovery of lost monies, are the equivalent of a \$6-7,000 gain per member in retirement savings over a member’s typical working life.

## Key member benefits and savings

Member Benefits -  
Annual Savings/Gains (\$m)



Total employer and fund benefits from SuperStream are estimated to reach around \$800 million per year<sup>23</sup>. Although these benefits are not yet fully realised, the key changes underpinning them have been delivered and are projected to provide a growing return to stakeholders over the next 10 years and beyond.

In order to achieve these key deliverables under the SuperStream program, a significant cost investment has been necessary. Total investment to date is estimated at around \$1.5 billion which has mostly been borne by APRA funds (\$900 million) and employers (\$600 million)<sup>24</sup>.

<sup>20</sup> Essentially a vehicle for processing errors

<sup>21</sup> These benefits are detailed further in section 3.1, 3.2 and 3.3 of the report.

<sup>22</sup> Estimates based upon ATO held information analysed and applied over an 18 year working life, discounted at 8% per annum.

<sup>23</sup> These costs are detailed further in section 3.2.1.1 and 3.3.2.1 of this report. APRA fund costs include the cost of the SuperStream levy.

<sup>24</sup> See footnote 23.

## 3. Experience changes for fund members, employers and superannuation funds

### 3.1 The member experience

SuperStream has brought about significant change to the member experience. As members are the intended beneficiaries of the superannuation system, their future retirement income is dependent on the performance of an efficient and reliable system throughout an individual's working life. Their confidence in the system is largely a function of their customer experience. For instance, tracking accounts and balances over time, moving monies to preferred destinations and at key decision points, and assurance that their money is being managed appropriately on their behalf.

#### 3.1.1 Time saved observation

The most visible change from SuperStream to the member experience has been **the time saved when rolling over and consolidating super accounts**. Not only has the process been significantly quickened, but completion rates have climbed, and engagement increased from member confidence in moving accounts efficiently.

##### 3.1.1.1 Experience outcome

The great majority of rollovers are now completed in less than three days, compared to a median experience of 45-60 days previously when 40% or more rollover requests were abandoned by members<sup>25</sup> due to time delays.

#### 3.1.2 Greater ease in rolling over and consolidating accounts observation

The second significant change to the member experience has been the **greater ease in rolling over and consolidating members' accounts**. It is now an easy thing to do with multiple channels and tools available from auto-consolidation to prompted consolidation to member-initiated consolidation.

Changes in rules and channels have been supported by ATO Reuniting Super campaigns, fund promotional campaigns and third party intermediaries who are active in facilitating consolidation.

Online search and consolidation tools, including the SuperTICK service, SuperMatch service, myGov portal and ATO Online, have worked in tandem with enhanced private sector channels to create wider and more 'natural' points of connection with members.

##### 3.1.2.1 Experience Outcome

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*"I just did my tax return and found lost super I never knew I had AND consolidated it all in about 7 minutes. Didn't have to print anything, didn't have to keep entering my details over and over. Brilliant. Website is great thanks :)."*

**Member feedback, ATO Online Super Services Survey, Nov. 2015**

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#### 3.1.3 Reduction in accounts observation

The third significant change in member experience has been **the reduction in unnecessary accounts held by members and the recovery of member monies in the lost super and unclaimed categories**.

These changes are not highly visible at the aggregate level, but in combination they signal a reversal of long-term trends towards account proliferation and lost super which were detrimental to member's' best interests<sup>26</sup>.

##### 3.1.3.1 Experience Outcome

Since 2013<sup>27</sup>, consolidation requests for around 1.38 million accounts to the value of \$6.5 billion have been initiated by members using the ATO's online facility.

Consolidation through direct member interaction with funds has increased significantly. This is demonstrated by the intra-fund consolidation activity preceding the 2014 unclaimed super money (USM) reporting.

<sup>25</sup> See section 6.4.5 Rollover processing times (APRA funds).

<sup>26</sup> As accounts are consolidated and therefore volumes reduce, the unit costs of accounts for funds will tend to rise (unless fixed costs are reduced simultaneously). Apart from the immediate benefit of cost reductions a member experiences from consolidation, this cost shifting effect in funds reveals hidden subsidisation of active accounts (with higher than necessary charges on inactive accounts) while providing an incentive longer term for trustees to seek compensating cost/value improvements in account management activities.

<sup>27</sup> The last full year that SuperSeeker was available and prior to the introduction of super account searching in the ATO online web solution which added new features including authenticated searches, expanded range of accounts and consolidation requests.

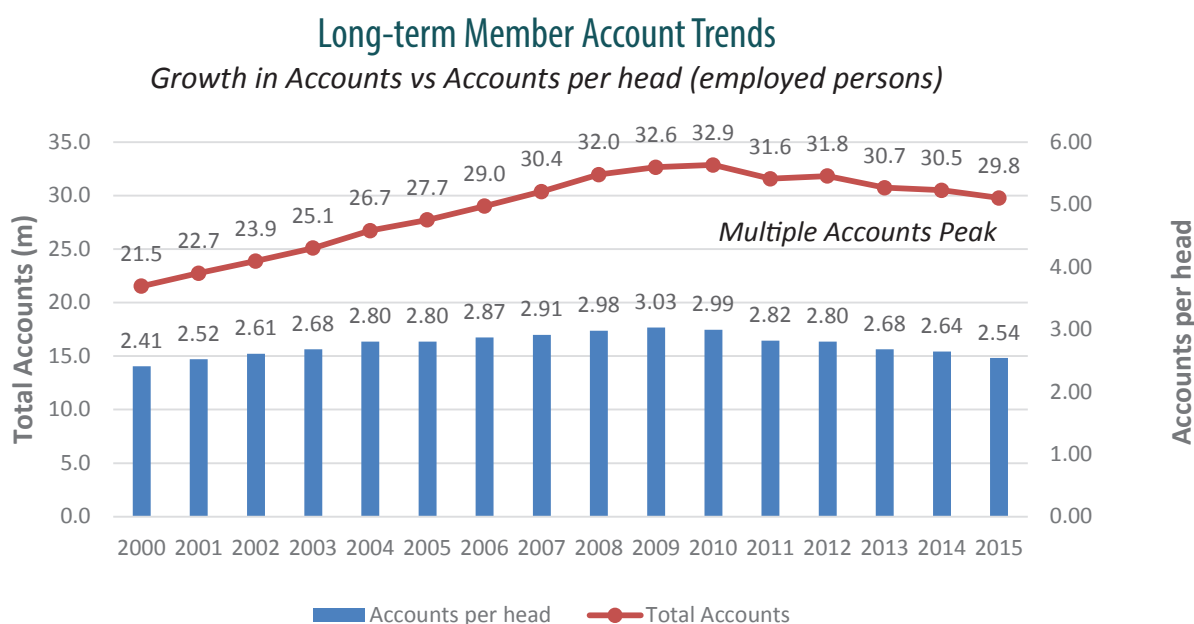


The number of lost super accounts has declined by nearly 90% (5.2 million) since 2009/10, thereby returning a total of \$7.1 billion into member's hands. This represents a 15% reduction from the total number of member accounts in 2010.

The reversal over the last five years in the long-term trend of account growth is compelling<sup>28</sup>. Taking the year 2000 as an index (2.41=100) - accounts per head grew throughout the decade to a peak of 26% points higher in 2009 and then declined progressively to 2015 to be near its starting point (index =106).

Account proliferation was high during the first decade of the 2000s. This was driven by labour force turnover, the introduction of choice in 2005, and increasing amounts of lost and unclaimed monies.

Gradually, this has been reversed with the growing use of TFN identifiers, easier search and consolidation tools, a single view of all member accounts via the ATO website, and the ongoing program of re-uniting and lost super campaigns<sup>29</sup>.



### 3.1.4 Protection of savings observation

The fourth significant change in member experience has been the **stronger protection of member retirement savings**, estimated to be \$2.4 billion per year (see page 14). A critical observation of the Cooper Review was that unnecessary fees were reducing member's retirement savings. The costs underlying these fees were already high in 2010. Without SuperStream (and complementary MySuper changes) costs would have kept increasing resulting in continuous upward pressure on fees<sup>30</sup>.

#### 3.1.4.1 Experience Outcome

While it is difficult to precisely estimate this impact, a continuum of processing and account maintenance costs would have resulted in a 2.5-3.0% growth per year over the six-year period after the Cooper Review, representing over \$130 million additional costs per year<sup>31</sup>.

Every account closed and consolidated with another existing account represents an annual fee saving to that member of about

<sup>28</sup> Noting these figures exclude USM accounts transferred to the ATO which partly nullify this decline but in the longer-term will reinforce this reversal.

<sup>29</sup> Compulsory fund reporting measures on these type of accounts also had an influence, including some introduced prior to 2010.

<sup>30</sup> As many in the industry have observed, manual processes don't scale with volume/complexity and the drivers for managing increasing cost were not easily countered through the actions of any individual player.

<sup>31</sup> Based on the historic growth rate in account numbers and transactions over the decade 2000-2009 and the prevailing state of processing efficiency in 2010.

\$150 per year. There are around 2 million such closures each year. Over the 18.5 year, half-life of a working person<sup>32</sup>, this represents around \$5,700 in lower costs<sup>33</sup> and a consequential increase in that member's retirement savings.

Members are receiving lower fees through the introduction of default style MySuper products. SuperStream has contributed to this by introducing lower cost structures that have endured and provided for scale efficiencies, although funds argue that costs to serve have not yet declined sufficiently for this to have much impact.

In addition, many of the SuperStream cost reduction impacts (e.g. less mail-room effort, cheque processing and proof of identity activity) have resulted in funds redeploying efforts to more value-

added and member engagement services rather than transaction processing. Whether members value these service enhancements is beyond the scope of this study, other than to highlight that it is part of the cost/service trade-off that trustees are empowered to make.

Members also now have faster allocation of money into their accounts, particularly on the contributions side, to further improve their retirement savings. Most contributions are now processed by funds and allocated to member accounts within a day of receipt, and 85% are done within about two days - within the three-day processing rule limit. This represents a marked improvement from the 2010 performance when the 85% benchmark was about five days (see *Metric 6.4.3 – Contributions processing time (APRA Funds)*).

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*“The objective here is to reconnect members and their accounts quickly and efficiently and to introduce measures that make this less likely to occur in future.”*

**Cooper Review 2010, Part 1, p.11**

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<sup>32</sup> Full working life is usually assumed to be 37 years. We have chosen half-life as a median assuming that multiple accounts are distributed evenly across the member population working life distribution.

<sup>33</sup> Over 37 years of full working life = \$32,900. Assuming an earnings rate of 8%. Rollover and consolidation account data is from *APRA Annual Superannuation Bulletin* (June 2016), Table 10a.

## 3.2 The employer experience

Employers are key stakeholders in the superannuation system and play an important role not simply as intermediaries on behalf of their employees, but also as an interested party in their own right. They need to be able to discharge their responsibilities as efficiently and effectively as possible without losing focus on their core business mission. A lack of engagement by employers inevitably works against the best interest of members and other stakeholders.

However, if an employer is able to get their employee's super details correct at the start, with a minimum of fuss, and generally navigate the super system without having to deal with fund complexities, they are likely to have an improved experience and reduce administrative costs.

Contributions and new member registration's data are complicated because employers source much of the required information from third parties. ATO support systems prompted by the introduction of SuperStream are helping to reduce both the costs of data collection for employers and the margin of error.

### 3.2.1 Processing time saving observation

The most significant change in the employer experience from SuperStream has been **the processing time saved for completing each contributions cycle**.

Employers typically save about 70% of the time they previously spent on undertaking each contributions cycle, irrespective of how frequently they pay super<sup>34</sup>. This has usually translated into a saving of up to half a day's effort for small business once a month or quarter, and an additional day each fortnight or month for some of the larger employers<sup>35</sup>.

This saving largely stems from three key changes associated with SuperStream: a standard data set, a single destination channel, and electronically enabled services.

#### 3.2.1.1 Experience Outcome

In dollar terms, these time savings equate to around \$400 million in efficiencies with approximately \$130 million and \$270 in the large-medium and small employer segment respectively. After

allowing for about \$600 million in employer implementation costs, this produces a net benefit of about \$3.47 billion over 10 years.<sup>36</sup>

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*"SuperStream is definitely an easier way to make payments that has reduced the super processing time. I don't have to log into different sites to make different payments, it's seamless. Processing time is now 5 minutes rather than 45 minutes."*

**Ms Ange Hopkins, Cherry Bomb Hairdressing  
Collingwood Victoria, 2016**

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### 3.2.2 Channel simplification observation

The second most significant change for employers has been the **simplification to one channel** for sending contributions.

The 2005 introduction of 'choice of fund' for members had a dramatic long-term impact on employers, slowly at first, but then increasing in scope and scale as members changed jobs, super products proliferated, the appeal of SMSFs grew and disengagement among members heightened.

The prevalence of choice of fund being exercised by employees has roughly doubled since 2010 from 17% of employees to over 35%<sup>37</sup>. However, this has created a disproportionate complexity in super processing as each fund has different requirements and channel options. For example, a relatively small employer who has 60 employees could have over 30 fund solutions to navigate. This is no longer the case as only one solution is required. Prior to this, an employer's costs and efforts were high, and in the absence of SuperStream, this unintended consequence of choice was worsening.

To aid the transition to SuperStream, both employers and funds have found expanded roles for intermediaries to act as partners. The role of clearing houses has grown<sup>38</sup>, as has large administrators. A new role for messaging gateways has emerged (often as extensions of other roles), and payroll providers (often in conjunction with accountants and bookkeepers) have grown in significance.

<sup>34</sup> Superannuation Reform, Colmar Brunton (2015). Also see savings chart in section 6.3.2.

<sup>35</sup> About 20% of employers (mainly large to medium) already had electronic channels and/or clearing house in place, so benefits were smaller; while micro-businesses with only one employee tended to experience little or no savings due to the relative simplicity of their affairs.

<sup>36</sup> Regulation Impact Assessment on Employers, Revenue Analysis Branch, ATO, November 2016

<sup>37</sup> Includes growth in SMSF members. SuperChoice submission to Cooper Review, 2010; *Annual Superannuation Bulletin*, (APRA, 2015) and ATO review of MCS 2015 data (unpublished).

<sup>38</sup> Growing from about 25% of contribution processing volumes in 2010 to over 60% in 2016.

### 3.2.2.1 Experience Outcome

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*“I have 8 employees, all with different funds that I make regular superannuation payments for. I then have others that work for us on an adhoc basis. Before I started using SuperStream I would have different log-ins for each fund and make separate payments. There were also multiple ways the funds wanted to be paid, some by transfer others BPAY. It took a long time and was a pain. Now SuperStream saves me so much time as now I only have to log-in to the once place ad make one payment. It's much easier and faster. It saves me 2 to 3 hours every time”*

**Sharna Edwards, Heduptrust  
Wollongong New South Wales, 2016**

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### 3.2.3 Reduction in re-work observation

There has been a level of **reduction in re-work** for employers by getting correct data from the source. This is important as it assists employers to get their super guarantee (SG) payments right and meet the needs of fund trustees.

Employers are expected to consistently identify their employees, tag each contribution with the right name and identifiers for each fund/super product, and correctly calculate and assign payments.

The introduction of a standard identifier for all super products, the Unique Superannuation Identifier (USI), significantly reduced ambiguity in product names and employee choice of funds. Although initially a new barrier for employers, these details soon became readily available online.

With the help of clearing houses, payroll solutions and others, employers could largely avoid having monies being sent to the wrong fund or delayed on arrival. Similarly, the mandated use of the TFN to identify each member contribution, except where a member withholds permission to quote this number, has had a similar effect.

Standard fields and message format have also increased the successful submission rate for employers by eliminating unnecessary rejections.

#### 3.2.3.1 Experience Outcome

Employers typically save about 70% of previous time spent on each contributions cycle, irrespective of how frequently they pay super.

This experience outcome contributed to the total time savings equating to around \$400 million in efficiencies.

## 3.3 The fund experience

Prior to SuperStream, there was a clear tension between maximising both the fund and employer experience.

Funds generally followed disparate paths - mixing paper and digital largely based on their preferred way of doing business. Employers complained that in a choice-driven environment their world was only getting more complicated by the proliferation of different interfaces, logins and methods.

Ultimately, through government and industry collaboration, an optimal balance between these diverging interests was achieved while still working to protect and improve member outcomes.

### 3.3.1 Transition to digital transaction observation

The most significant change from SuperStream in the fund experience has been ***the rapid transition into digital rather than manual transactions*** for contributions and rollovers – with over 95% of transactions now being digital.<sup>39</sup>

Pre-existing online platforms could be retained as long as they met the minimum data and performance requirements for SuperStream, and also offered a pass-through service<sup>40</sup> to a default employer so they do not have to navigate the complexity of multiple fund systems.

As evidence of the success of these changes, one large retail fund recently reported that 60% of contributions now being transacted to other funds by their default employers are in a standard digital format. As choice of fund has grown from 35% of transactions in 2010 to over 45% in 2014, and has now reached the 50% plus range, this underlines the significance of cross-industry flows and the important streamlining role played by pass-through employers and funds.

From a fund experience perspective, there are rewards in retaining a primary relationship with the default employer while also performing an important network facilitation role for the benefit of members.

#### 3.3.1.1 Experience Outcome

There is reduced mail-room processing work for rollovers and contributions with an estimated saving of around \$35-40 million<sup>41</sup> pa, or 75% in this cost category. This is a reduction of 17 million<sup>42</sup> cheques for processing (cashier effort) for rollovers and contributions with an estimated saving of around \$40-45 million pa,<sup>43</sup> or 90% reduction in this cost category. As importantly, there are: reduced exceptions' processing for rollovers;; contributions with fewer manual data/money reconciliations; and member details missing and incorrect products with estimated savings of about \$70-80 million pa<sup>44</sup>, or 60% in this cost category.

### 3.3.2 Straight through processing observation

A second important change in the fund experience has been ***the wide-spread automation of transactions with the use of straight-through processing*** for both rollovers and contributions. For example, the introduction of a standardised payment reference number (PRN) along with other key member, product and message identifiers, has enabled very high levels of automated processing, matching and reconciliation.

#### 3.3.2.1 Experience Outcome

Straight-through processing rates are now in the over 85% in contributions and 95% in rollovers compared to 2010 rates of below 50% and close to zero for contributions and rollovers respectively<sup>45</sup>. This is reflected in improved fund productivity and efficiency. These rates are expected to keep rising as both source data quality and member account opening/closure processes improve across the industry.<sup>46</sup>

<sup>39</sup> SuperStream Benchmarking Measures, APRA, September Quarter 2016 (provisional data - unpublished)

<sup>40</sup> Refer footnote 11 for more background on 'pass-through'.

<sup>41</sup> ATO estimates for mail-room and cheque processing savings are based on Cooper Review (2010) data, SR711 reporting, 'The Evolution of Payment Costs in Australia', RBA (2014) and change comparisons 2016 against 2010 provided by selected APRA funds and administrators.

<sup>42</sup> ATO estimates based on Cooper Review (2010) data, SR711 reporting, 'Payment Costs in Australia', RBA (2007), and change comparisons 2016 against 2010 provided by selected APRA funds

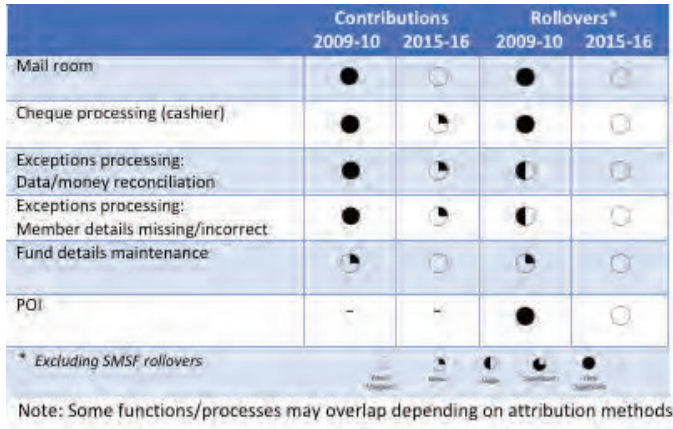
<sup>43</sup> ATO estimates based on Cooper Review (2010) data, SRF 711.0 reporting, 'Payment Costs in Australia', RBA (2007), and change comparisons 2016 against 2010 provided by selected APRA funds.

<sup>44</sup> Assumed at savings on 13m transactions at \$6.00 exception processing cost each.

<sup>45</sup> Based on information provided to the ATO by funds and administrators.

<sup>46</sup> Section 7.07 (SIS Act) follow-ups with employers are one area still needing improvement.

## APRA fund costs and effort since 2010



The ATO estimates that overall efficiency improvements for funds at about \$400 million from a 2010 baseline<sup>47</sup>. Financial modelling shows that costs of contributions processing have decreased from about \$276 million in the 2010 financial year (average unit cost of \$2.76) to about \$158 million in the 2016 financial year (average unit cost of \$1.22).<sup>48</sup> This is a net cost reduction over the six-year

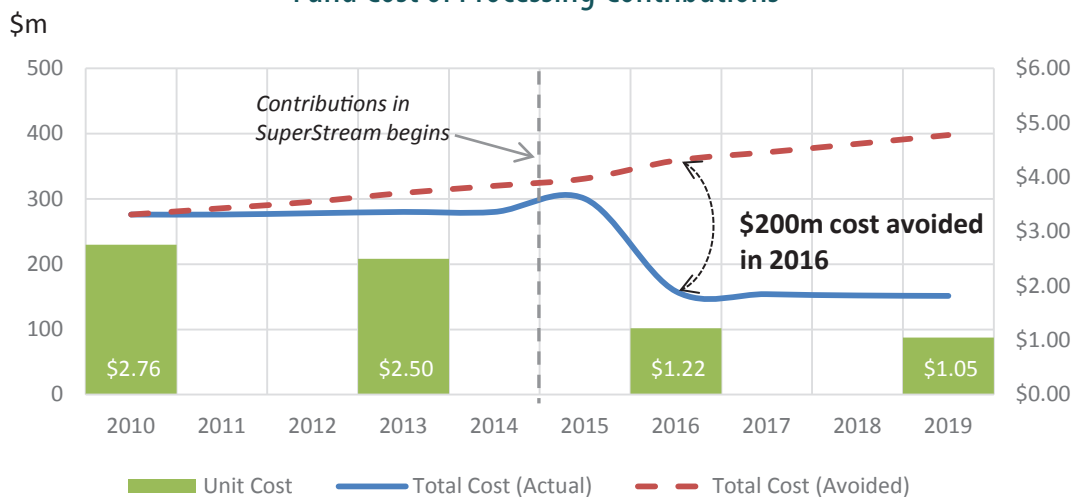
period of approximately \$118 million or 42% from the 2010 baseline. Further reductions in unit costs can be expected as the system matures and the initial investment costs are amortised.

Efficiencies in rollovers in the same period amount to another \$80-100 million in cost reductions. Investment costs for funds are estimated to be in the range of \$850-950 million over the five years to 2016<sup>49</sup>, including \$380 million from the SuperStream levy.

Many funds have highlighted that these efficiencies are not yet reflected in lower overall operating costs or fees. They claim that administration has shifted towards more value-added activities associated with increasing member engagement and retention strategies, as well as implementing changes to their business processes.

The significance of this change can also be seen by looking at costs avoided over this period if the contribution methods had stayed the same. The combined impact of higher unit costs and growing volumes suggest that about \$200 million in costs have been avoided in 2016 alone and that by 2019 this will be approximately \$247 million per year and a cumulative \$897 million.

## Fund Cost of Processing Contributions



<sup>47</sup> See fund savings estimates below.

<sup>48</sup> Volumes were around 100m in 2009-10 and had increased to 130m in 2015-16. *SuperStream Benchmarking Report*, (March Qtr, 2016).

<sup>49</sup> Based on cost modelling developed by the ATO which includes the SuperStream levy on APRA funds, estimates of fund, administrator and clearing house expenditure, and review of reported sources of information including the SRF 711.0 Benchmarking data for 2015/16. We have also reviewed a high side estimate by Financial Services Council (FSC) based on a sample of funds which puts total investment costs at up to \$1.23b (TriaPartners/FSC, 2016).



The key contributors to this cost reduction were:

- reduced mail-room processing work for rollovers and contributions with an estimated saving of about \$35-40 million pa, or a 75% reduction of costs in this category.<sup>50</sup>
- reduced cheque processing (cashier effort) for rollovers and contributions with an estimated saving of about \$40-45 million pa, or a 90% reduction of costs in this category.
- reduced proof-of-identity (POI) checking for rollovers, with an estimated saving of about \$64 million pa, or 90% of costs in this category.<sup>51</sup>
- reduced exceptions' processing for rollovers and contributions with fewer manual data/money reconciliations, member details missing, and incorrect products with an estimated saving of about \$70-80 million pa, or a 60% reduction of costs in this category.<sup>52</sup>
- lower overheads for maintaining member, employer and fund identifiers/contact information (via the Fund Validation Service (FVS), SuperTICK service and message data), with a savings of about \$10-25 million, or a 50% reduction of costs in this category.<sup>53</sup>

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*"Most participants agreed that the opportunity cost of not implementing SuperStream appear much larger than the estimated implementation cost, even though these costs may vary across the industry"*

**The \$20 billion prize, Joint FSC-EY research, August 2010, p.12**

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Without the SuperStream changes fund costs would have continued on a long, upward trend, with proportionately increased manual and exceptions processing. In other words, more cheques and accounts mean higher costs.

Once a fund perfects cheque processing (and most are now mature) there are no further scalable advantages. Exceptions would be greater transaction volumes, for example, more missing member information, incorrect TFNs or lost accounts. These processes do not lend themselves to further automation, unless the causes are eliminated at source.

<sup>50</sup> ATO estimates for mail-room and cheque processing savings are based on Cooper Review (2010) data, SR711 reporting, 'The Evolution of Payment Costs in Australia', RBA (2014) and change comparisons 2016 against 2010 provided by selected APRA funds and administrators.

<sup>51</sup> Assumed on savings on 1m rollovers per annum at \$64 POI cost and confirmed by Industry study.

<sup>52</sup> Assumed at savings on 13m transactions at \$6.00 exception processing cost each

<sup>53</sup> For example, cf. with cost estimates for data matching in Cooper Review – Preliminary Report (March 2010), p. 27

<sup>54</sup> Many of the larger funds had made significant investments in electronic processing, but struggled to get standardisation in data requirements and momentum in employer sign-up (beyond 'key clients') until SuperStream came into effect.

<sup>55</sup> ATO system statistics

The counter argument is that funds would have invested in more automation anyway in the post-2010 period. While some investment would undoubtedly have occurred<sup>54</sup>, three facts stand out:

- the industry had tried and failed to achieve standardisation in the decade before 2010 and was at an impasse
- without a regulatory mandate, there was no first mover advantage for many of the investments required and 'free rider' activity worked against early movers
- any fund-driven standard would likely work to an employer's net disadvantage because there was no easy way to unravel the proprietary interfaces and multiple channels which employers faced.

### 3.3.3 Improved quality of data observation

A third important change in the fund experience has been the **improved quality of key data holdings, in particular of member details**, through compulsory use of the TFN as an identifier, and support from data validation services.

Getting key member data right at the source of the business process was a critical objective of SuperStream. The evidence clearly points to a pronounced improvement in data quality and integrity of member accounts since the 2010 baseline year.

#### 3.3.3.1 Experience Outcome

ATO-held data shows a consistent trend of improvement in correct TFNs of between 1-2% points a year, while the broader Association of Superannuation Funds of Australia (ASFA)-VEDA index of personal details shows a consistent upward trend of 3-4% points a year.

With the introduction of the SuperTICK service in May 2012, funds were able to check and correct TFN's close to real-time in a highly automated manner. Funds now use this service 6 million times per annum<sup>55</sup>.

In addition, funds became increasingly pro-active in matching member data sets because of greater competition for member's accounts from consolidation, and in having to report unclaimed monies to the ATO as thresholds increased.

The sustained improvement in data quality still requires more effort to close the gaps in member records and drive efficiency. Deficiencies in some new member enrolments and parts of inactive member data sets are the most pressing areas for continued improvement.

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*The CEO's also had very positive comments in relation to SuperStream, with 79% noting that they were experiencing few difficulties with the data received through the SuperStream channel.*

**2015 ASFA/PWC CEO Superannuation Survey, p.11**

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### 3.3.4 Simplification of data transfers observation

A fourth important change has been ***the simplification of data transfer between employers and funds*** as variation in the payroll data sets has reduced and a standardised taxonomy has become the norm.

The introduction of a common data standard has had an enormous impact on the industry with agreed data definitions, terminology and specifications significantly reducing variation and complexity.

Where previously there was confusion, doubt and angst, the industry now accepts that the SBR dictionary (hosted by government and supported by enforceable specifications) is the preferred way to undertake transactions between employers and funds. A great deal of work has been done by payroll software

companies, clearing houses and other intermediaries in adjusting their solutions to fit this new reality. A similar effort was also undertaken by funds either on their own behalf or through their administrators and other business partners.

It is noted that some variation in data requirements still persists largely in relation to defined benefit schemes. Employers and funds in these areas are usually tied together with agreed data schemas for their employees, often with legislated mandates, so they are not susceptible to further streamlining at this point without costly and lengthy regulatory change involving States, Territories and the Commonwealth.

Some corporate schemes also involve insurance arrangements where additional data fields are required, but ultimately these rest on voluntary agreements between an employer and fund.

In these instances, the SuperStream mandated fields do not apply other than to provide optional fields aligned to the rest of the standard and can be used as needed. Although not mandated, it has been observed that opportunities to align data requirements have been pursued in many of these cases.

#### 3.3.4.1 Experience Outcome

One large retail fund observed that, before SuperStream, they went from handling around 1,700 file types through their fund portal to numbers in the tens.

Employers have positively reported on the benefits of only having to access and provide one field set irrespective of the number of funds their employees are members of.

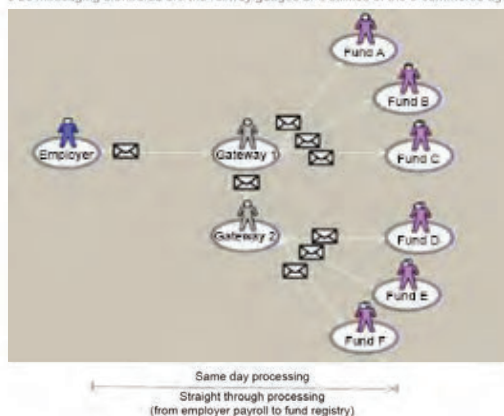


## 4. Journey of SuperStream and the ATO's changing role

SuperStream has driven the development of a new information and payments-linked system. This system of multiple stakeholders using a standards-based digital collaboration is referred to as the 'SuperStream ecosystem'.

### A new way of doing business

'8 28 messaging standards are the railway gauges and utilities of the e-commerce age'



The role of the ATO, traditionally one of several regulators in the superannuation system, has changed markedly with the development and evolution of SuperStream. In addition to its traditional role as regulator<sup>56</sup>, the ATO now plays a major **enabler** and **business partner** role in the SuperStream ecosystem.

The need to design a new digital environment provided the ATO with the opportunity to think differently about its role and the possibilities it created. Progressively, the ATO began to see that business-to-business (B2B) models of e-commerce at the heart of the SuperStream were a new way of thinking to model government-to-business (G2B) transactions.

With the help of industry advocates, the ATO placed a strong emphasis on linking to 'natural systems' such as payroll, aggregator and outsourced and administration systems already in the market, rather than with something new and government

specific. The challenge was to do this while creating new technology pathways for innovators to build upon to exploit the open standards, open data and space for market competition.

Building a viable ecosystem was seen as a pre-condition to:

- create viable pathways for all funds and employers to adapt to
- encourage 'solution providers' to assemble strong collaborative value chains
- ensure that solutions and channels would compete.

The ATO's key role was to facilitate the building of a viable ecosystem and not enforce a solution.<sup>57</sup> A simple compliance driven and 'one-size fits all' approach would only cause the market Solution providers) to place costs onto customers while creating large wells of resistance, especially among smaller employers.

The SuperStream Standard, as the Cooper Review had recommended, was built on the SBR model<sup>58</sup>. With stakeholder guidance, it ultimately came to be re-fashioned around international messaging standards with some important extensions to effectively operate in both the B2B and G2B domains without major re-tooling.

Although standards-based, the ATO was pragmatic in how SuperStream was implemented. We provided a streamlined alternative so that no employer, fund or their intermediaries were left behind, and a bridging alternative so that sunk costs in viable legacy systems were not simply left as stranded, unproductive assets.

In this new world, the ATO also needed to step up as **Standards Administrator** – a new role partly enshrined in the Commissioner's power as the custodian of the SuperStream legislative instrument<sup>59</sup> – and partly from the necessity of having to build shared industry governance and collaborative forums.

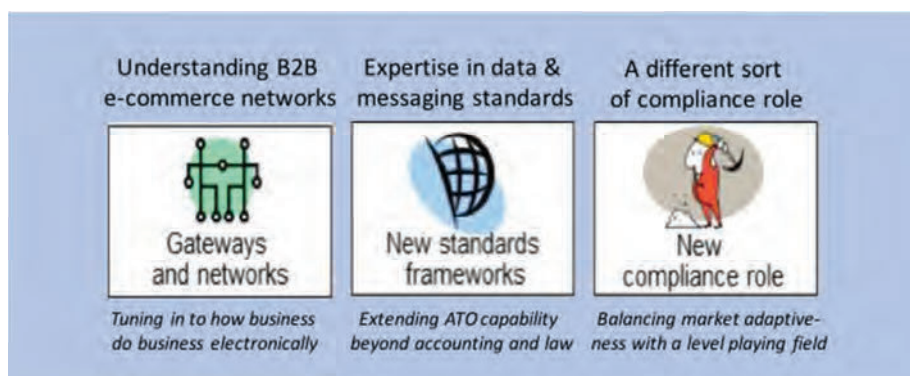
<sup>56</sup> Of the Super Guarantee system and SMSF's.

<sup>57</sup> Where there was 'market failure', the role of government changed to plugging this gap (as for instance was the case with Department of Human Services, and then later the ATO, as provider of the Small Business Superannuation Clearing House).

<sup>58</sup> Through co-design with industry, serious deficiencies were found in trying to make SBR work in the B2B environment. Foremost amongst these were the 'national' quirks of the standard, a security model which would not scale into non-government mediated transactions and the lack of directory services to support a 'many to many' transaction model. This led to adoption of the ebMS/AS4 international messaging standard and its incorporation into what became known as 'SBR2'. Amongst other things, this opened the pathway to globally competitive software and local solutions with high re-use value.

<sup>59</sup> See Section 45B (3) of the *Superannuation Legislation Amendment (Stronger Super) Act 2012*.

## The Role of the Standards Administrator



To assist with the large implementation work involved in this task, the ATO established a series of governance bodies to oversee and manage SuperStream<sup>60</sup>. These needed to be outward-looking and draw on a wide range of technical experts and industry practitioners, while also looking inwards to ensure accountability and integration with ATO and its broader public service requirements.

To make SuperStream possible, the ATO also needed to re-purpose sensitive data assets as 'collaborative community services'. This raised new risks and significant legal challenges for the ATO as the sharing and disclosure of these data assets with community users was generally not contemplated when the law was drafted.

These new services and applications included:

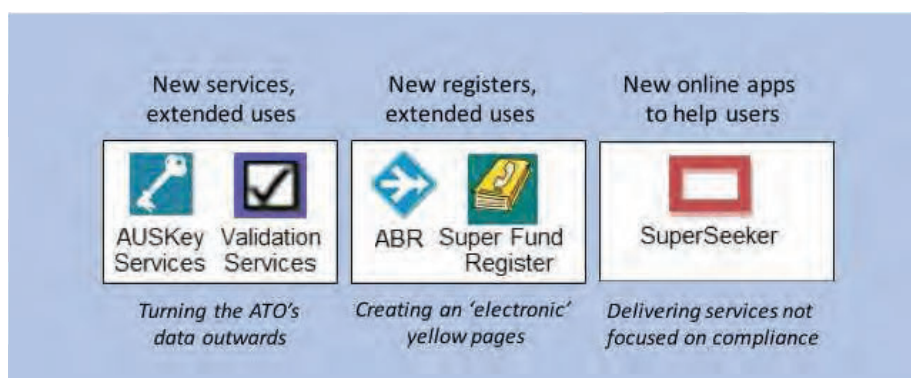
- new data services like SuperTICK, a revamped SuperMatch, and a Fund Details register.
- an online portal for individuals to check their super accounts, initiate consolidation and rollovers, and receive timely reminders/nudges with information about their tax affairs.

Ultimately, this required the ATO to be a key industry service provider and be the 'lynchpin' of nearly every rollover and contribution transaction. New anti-fraud analytics services were required to protect this data from abuse or misuse. Reliability of service 24 hours a day, 7 days a week became a necessary feature.<sup>61</sup>

<sup>60</sup> Including the SuperStream Reference Group, the SuperStream Standard Technical Committee and the now superseded Gateway Operators' Group.

<sup>61</sup> Major service failure events can impact the cost of fund operations (and in the most serious cases may flow on to members).

## The New Suite of Online Services



To make SuperStream successful, the ATO developed a change management strategy which relied heavily on benefits-driven change, not law compliance. In essence, this meant that the ATO became both a facilitator and orchestrator of change.

It also required the development of an ongoing marketing and communications program and on boarding pathways, establishing certification and induction processes, running industry 'nerve centres' to monitor implementation status and engaging hard-to-reach areas of the small business community.

Perhaps the biggest change was the level and intensity of industry engagement required by the ATO. Relationships needed to be built at all levels between executives and trustees, project and IT leaders,

risk and compliance officers and key operational staff. These relationships were needed for better information sharing, collaborative problem solving and shared governance processes. Collectively, these needed to be reinforced and continually improved.

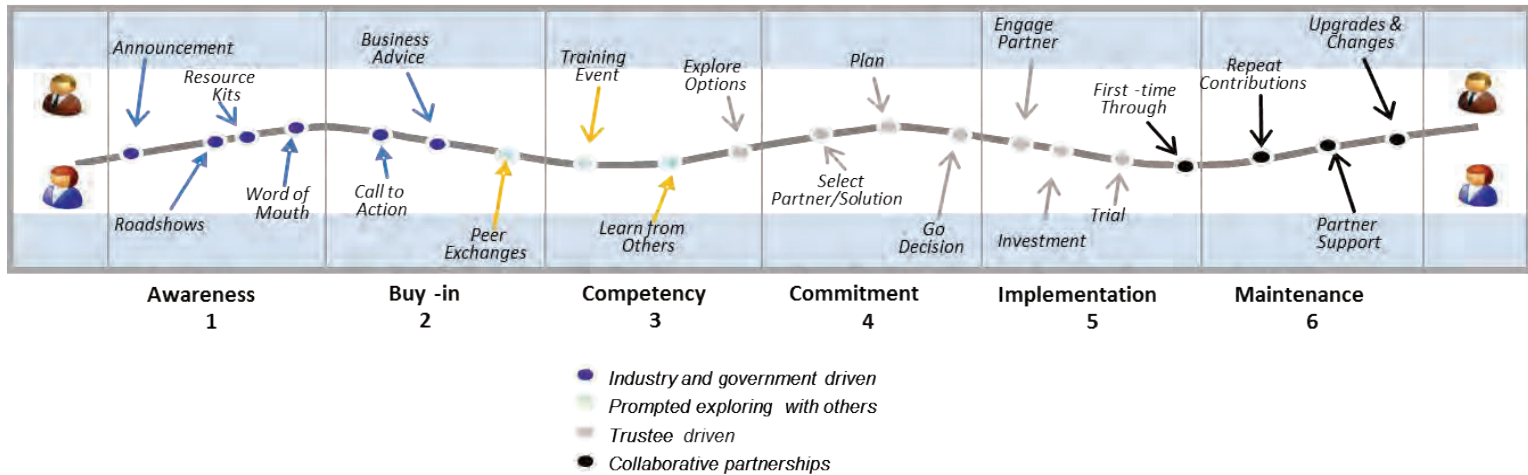
Peer to peer exchanges became important as well as more conventional top-down communication. Shared websites, forums and challenge sessions became a normal part of supporting industry, supplemented by ATO dialogue and planning.

What began as a way of transforming the ATO's relationship with industry eventually resulted in new and effective relationships forming between competing funds, rival sectors, and payroll and intermediaries.<sup>62</sup>

<sup>62</sup> This development would not have been possible without the sustained leadership provided by key industry groups including leading fund executives, ASP and industry associations, key gateway and solution providers and technical experts across various domains.

## SuperStream Program Delivery Planning

### User Experience On - boarding Journey Map



### 1. Core strategy focuses on progressive waves, while fostering bridging solutions and providing timely support



- Encourage progressive waves of adoption over the two phases of implementation – beginning with early adopters



- Foster bridging solutions in the first two years of implementation, while maintaining focus on getting to end-state benefits



- Place emphasis and education and support first, before ramping up compliance action – tailor strategies to composition of the tail

### 2. Work with 'prime movers' to drive the leading wave



- Top 20 funds
- Top 50 employers
- Top 10 clearing houses and payroll bureaux
- Top 10 payroll software houses
- Top 10 SMSF channels

### 3. Work through 'key influencers' to drive the second wave



- Top 40 industry associations
- Top 20 media channels
- Top 10 opinion leaders
- Top 20 regions

### 4. Address 'tail' with tailored support & increasing compliance



- Target struggling groups with tailored help strategies and solutions
- Signal end-dating of bridging solutions
- Ramp up compliance action based on risk assessment

# 5. Benefits governance framework

## 5.1 Benefits plan and mapping

### 5.1.1 Scope

This section outlines the SuperStream governance approach to ensure that key strategic core outcomes are being delivered as government intended.

### 5.1.2 Benefits and outcome mapping

SuperStream governance arrangements were stated in the original business case as using the Managing Successful Programs methodology. A feature of this best practice methodology is an outcomes and benefits framework to support program design and measurement.

During the development phase, the three strategic outcomes (end-user benefits) of the SuperStream program were identified as:

- lower cost
- ease of operation
- increased retirement savings.

These outcomes were mapped to key contributing benefits so that project activities could be clearly traced to outcomes.

A measurement profile was developed for each of the key benefits/outcomes and these measurements were tracked as the benefit matured. These measurements are detailed in section 6.

## 6. Calculations and Benefits measurement

### 6.1 Calculations methodology

With the total investment to date at an estimated \$1.5 billion<sup>63</sup> over the 2012 to 2018 financial years, it is recognised that the implementation costs have been significant.

While this investment cost is significant, so too are the benefits that have commenced and will continue to flow from system maturation.

Estimates of these realised efficiencies are:

- an estimated savings for members of **\$2.4 billion** savings per annum recurring.
- an estimate **\$800 million** per year, comprising about **\$400 million** per year for employers and a further **\$400 million** per year for funds recurring.

The member savings of **\$2.4 billion** was based upon:

- estimation of the average account fee of \$150 and insurance cost associated with an account extrapolated by an average of two million accounts closed each year
- average days faster processing of rollovers by the number of rollovers made and average value
- value of unclaimed super monies recovered
- member benefits commencing incrementally since October 2013 with annual benefits now recurring at approximately \$2.4 billion.

The **\$400 million** savings per annum employer savings based upon:

- as at December 2016, all large employers and majority of small employers with greater than 5 employees had adopted SuperStream, resulting in the full annual benefits being derived from this point forward.
- annual benefits increasing in line with employers sending contributions in the standard from October 2014 to December, 2016
- research undertaken with 1500 employers showing demographic efficiencies

The fund savings are estimated at **\$400 million** per annum based upon:

- analysis and extrapolation of various reports and data produced by the industry, APRA and the ATO
- financial modelling, assumptions and analysis being confirmed by industry representatives
- confirmation that a significant reinvestment by funds of this saving into other member engagement and retention services
- significant savings commencing with rollover POI efficiencies from June 2013 followed by contribution straight through processing and associated implementation efficiencies. These benefits will continue to further mature in the system post December 2016
- identification of key contributors to this efficiency

<sup>63</sup> This is based on estimated Super Fund costs of \$900 million and estimated Employer costs of \$600 million as outlined further in this report.

## 6.2 Member segment benefits

### 6.2.1 High data integrity member accounts

#### Pre SuperStream

The superannuation industry was largely operated on a paper-based system plagued by data quality issues that led to much inefficient rework and a significant and growing amount of lost super.

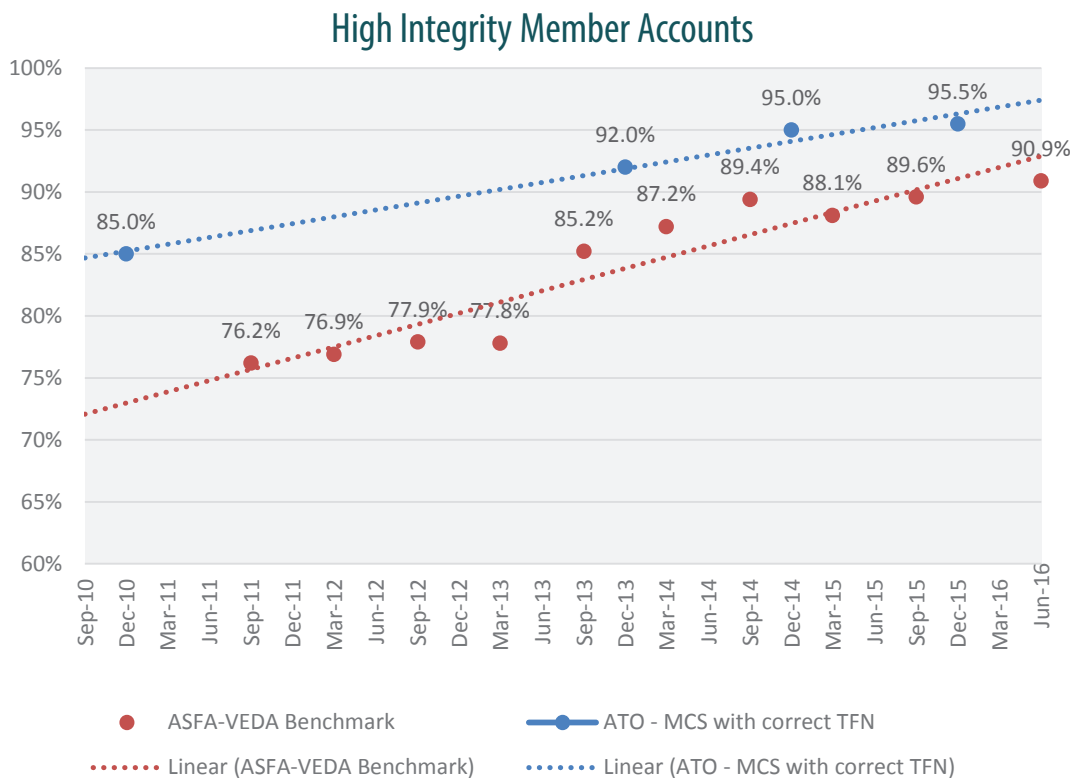
#### Post SuperStream

SuperStream paved the way for legislation to provide: the TFN as a key data locator; a standardized data set to be provided by employers and funds; and the SuperTICK service to validate and correct the data.

#### Metric descriptor

This metric provides two measures of data integrity of member's accounts. Firstly, the target outcome of improving account integrity by ensuring correct personal details are recorded, especially a valid and correct TFN, thereby making it easier for members to track their super and avoid lost super. The first measure (top line) shows the percentage of all member accounts reported by funds to the ATO which contain a correct TFN.

The second measure (bottom line) shows the percentage of active member accounts with correct member details from funds participating in the ASFA-VEDA benchmark index.





## Achievements to date

- Both measures show pronounced improvement in data quality and account integrity since late 2010. ATO-held data illustrates a consistent upward improvement in correct TFNs of between 1-2% points a year. The broader ASFA-VEDA index of personal details shows a consistent upward trend of 3-4% points a year.
- This improvement has contributed to tangible benefits for members in making it easier and faster to track multiple accounts, consolidate accounts and find lost super.

## Technical notes

- This information is derived from MCS' lodged annually by APRA funds with the ATO. These are member contribution reports.
- ASFA-VEDA data prior to September 2011 has been excluded due to the relatively small size of participating funds.

## 6.2.2 Multiple member accounts

### Pre SuperStream

Account proliferation was high during the first decade from 2000, growing from 21 million to nearly 33 million in 2009/10. This was driven by natural growth, labour force turnover, the introduction of choice in 2005, and the increasing amounts of lost and unclaimed monies.

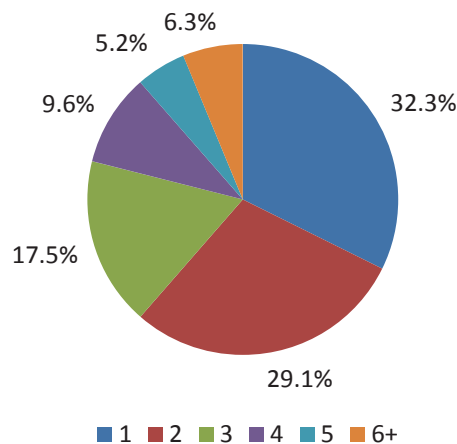
### Post SuperStream

This trend has been reversed by the increased usage of TFN identifiers, easier search and consolidation tools, a single view of all member accounts (through the ATO website), and ongoing re-uniting and lost super campaigns.

### Metric descriptor

This metric quantifies how many multiple account members have consolidated or otherwise reduced their accounts since 2013, thereby lessening their total fees.

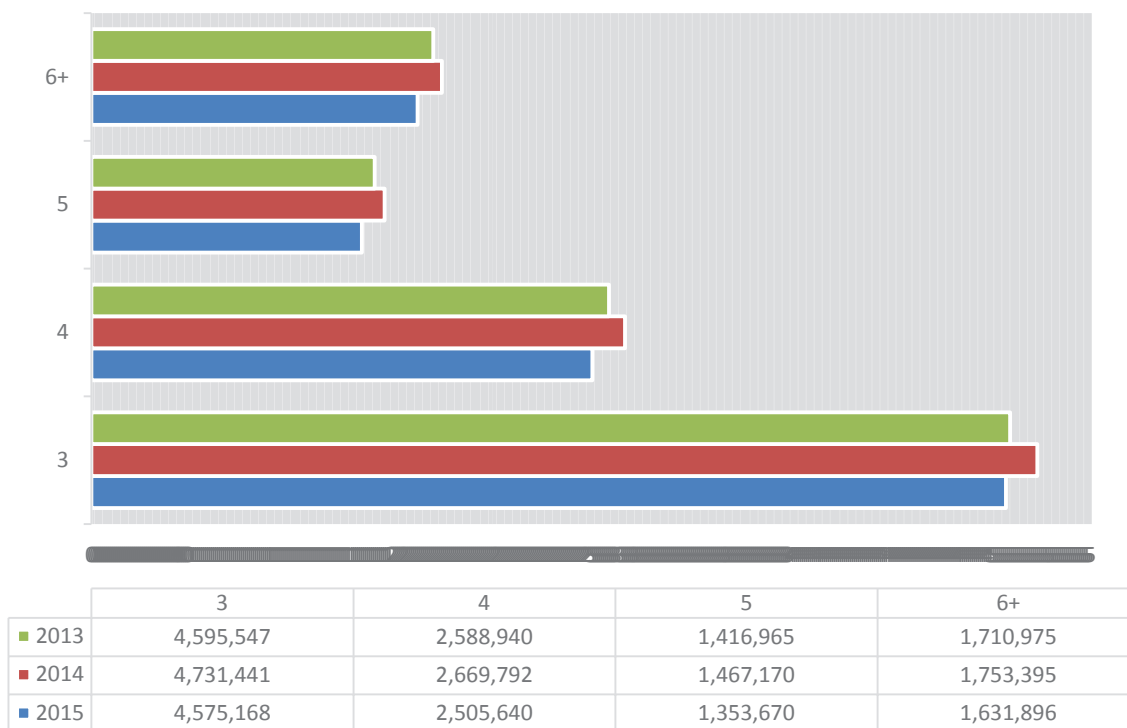
**Member Account Breakup**  
26.1m accounts, 14.8m members





## Members with 3+ Multiple Accounts

2015: 10.1m accounts, 2.7m members



### Achievements to date

- The long-term trend towards growth in multiple accounts (members with three or more) has slowed and is beginning to show signs of reduction.
- The number of members with multiple accounts was still growing in 2014 but fell by 4.8% in 2015. This represented a reduction of over 133,000 members and about 550,000 accounts.
- An estimated 33% of individuals with multiple accounts have either partially or fully consolidated them online in 2015 (up from 28% in the prior year).

### Technical notes

- The base year is currently 2013 (an earlier time series and base year would be desirable but is limited by the availability of meaningful data sources).
- Only members with matched TFN's are included in this analysis (about 2.7 million members or 10.1 million accounts). It excludes members who do not quote a TFN and members whose data is in lost/unclaimed categories.
- Only members with three or more accounts are included in this analysis, therefore those who hold two accounts but are doing so for sound reasons (acknowledging some proportion are not doing so) were not included
- This data is sourced from MCS (APRA funds) and SMSF annual return (SAR) reporting provided annually by super funds and matched with ATO-held TFN records. Time lags with SMSF data mean that it is not available until 10 months after the end of each financial year.

## 6.2.3 Lost member accounts

### Pre SuperStream

Poor data quality and legislative impediments had led to a significant and growing amount of lost super.

### Post SuperStream

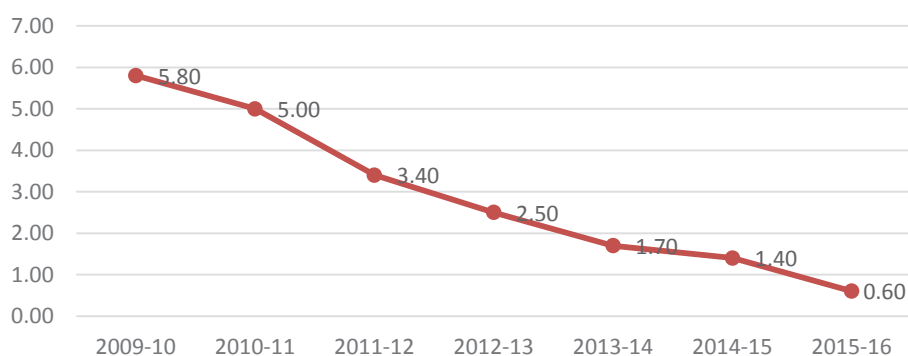
SuperStream has improved data quality to better match accounts and change the way lost super is managed. Associated reforms improved the provision of TFN, address data, ATO Online display of memberships, and SuperMatch.

SuperStream delivered multiple channels and tools for members to consolidate accounts. Rule and channel changes have been supported by both the ATO and industry to facilitate consolidation. Online search and consolidation tools, including SuperTICK, SuperMatch, and the myGov portal to ATO super online, have worked in tandem with enhanced private sector channels to create wider and more natural points of connection with members.

### Metric Descriptor

This metric measures the reduction in lost member accounts since the 2010 baseline.

Lost Super Accounts (m)



	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Lost Super Value (m)	\$18,800.0	\$20,200.0	\$16,800.0	\$16,100.0	\$14,300.0	\$13,600.0	\$11,700.0
Lost Super Accounts (m)	5.80	5.00	3.40	2.50	1.70	1.40	0.60
Ave Value	\$3,241.38	\$4,040.00	\$4,941.18	\$6,440.00	\$8,441.76	\$9,714.29	\$19,500.00

### Achievements to date

- Since 2009-10 the number of accounts has been reduced by 5.2 million or 89.7%, while their value has declined by \$7.1 billion or 37.8%.
- In 2015-16, the number of lost super accounts is estimated to be 600,000 with a total value of \$11.7 billion.
- The overall reduction of lost super (and USM) has been assisted by associated reforms such as the better provision of TFN and address data, the ATO's online membership display enabling account consolidation, and SuperMatch.

### Technical notes

- A lost member account is an inactive member who is uncontactable or transferred from another Registrable Superannuation Entity (RSE) as a lost member. Excluded are members that have confirmed their address in the past two years; members that have indicated they want to remain a member; inactive member accounts; and active member accounts. (Reference: SIS Regulations 1994 r. 1.03A)
- The data in this metric is sourced from the annual Lost Member Reports provided by APRA funds to the ATO.
- Some of this reduction is due to definition changes associated with revised thresholds for unclaimed money transfers from funds to the ATO.

## 6.2.4 Unclaimed super monies

### Pre SuperStream

Lost Super and unclaimed super monies continued to grow over time due to poor data and account matching capability of funds.

### Post SuperStream

SuperStream has contributed to reducing both these collective amounts over time through various matching tools, mechanisms and related measures including changing the reporting threshold over time.

The reductions in lost accounts reported are being partially offset by the gradual increase in USM accounts. This increase is from the steady rise in the threshold increase from 2012 of small and insoluble amounts from \$2000 to \$6000 that are paid to the ATO.

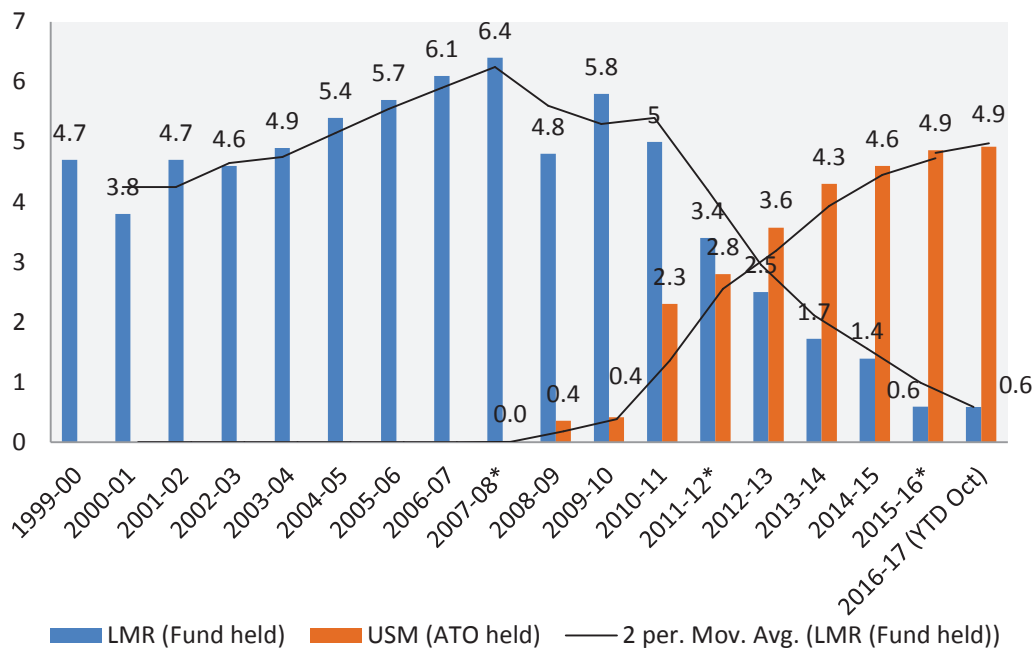
The ATO continues to employ strategies to reunite members with their USM. The numbers of new USM accounts transferred to the ATO has historically been faster than the ATO can pay them out. This trend has steadied and will be further reduced due to threshold increases or other reuniting strategies.

### Metric descriptor

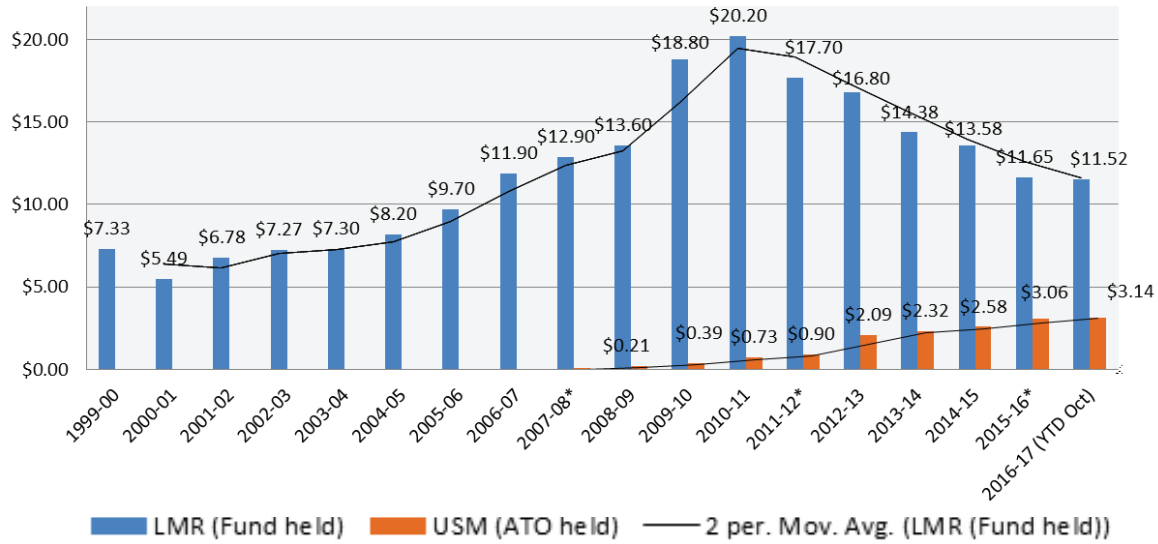
This metric measures the level of unclaimed super monies since the 2010 baseline year.

It ultimately contributes to the core outcome of increased retirement savings by protecting accounts from fee erosion while raising the prospect of reuniting members with their accounts from exposure to ATO discovery tools and methods.

Lost Super vs USM Account numbers (millions)



### Lost Super vs USM Account value (millions)



#### Achievements to date

- Unclaimed super monies have increased since 2010 as new reporting requirements and thresholds for inactive accounts came into place.
- The reporting thresholds have increased over this period from \$2,000 to \$4,000. In late 2016 it moved up to \$6,000.
- While this is leading to an increase in the number (and value) of unclaimed super in the short to medium term, this trend is expected to reverse and decline over time.

#### Technical notes

- Data is derived from unclaimed super and MCS reporting by APRA funds to the ATO.
- A super account is deemed 'unclaimed money' when a fund loses contact with a member, meets certain criteria, and/or the account is below a threshold value.

## 6.2.5 Member experience benefits (ATO online)

### Pre SuperStream

The member experience in the Superannuation industry had not been a positive one with a paper-based system requiring onerous manual identity checks. This delayed transaction processing to result in a proliferation of lost money and accounts leading to disengagement. Funds built portals and other online solutions to assist members with some success; however, these didn't provide a holistic view of their accounts which made, tracking of multiple accounts difficult and consolidating accounts a lengthy process.

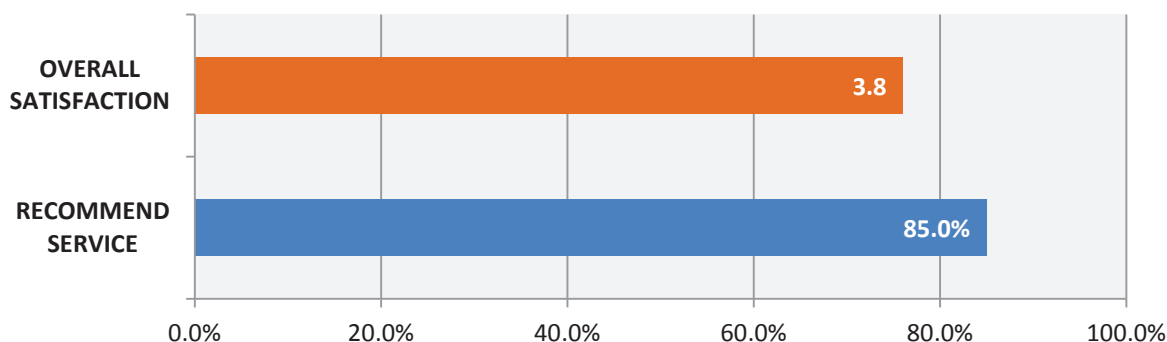
### Post SuperStream

SuperStream and the MySuper initiatives have significantly improved the member experience with satisfaction and engagement growing. Key contributing reasons are: greater visibility of accounts; availability of tools enabling easier consolidation; and timelier processing.

### Metric descriptor

This metric quantifies member benefits associated with ATO-related changes to online services in 2014. These changes provided online access to member account information and a rollover/consolidation request service.

### Member experience benefits (ATO online)



### Achievements to date

- The service was rated 3.8 by a user survey from a possible rating of 5.0 after its first year of operation.
- Many favourable examples of user feedback were recorded including:
  - *'That was so incredibly easy, consolidating 4 Super accounts into 1!!'*
  - *'I previously had a lot of difficulty trying to consolidate my super... I was going to need to fill in a paper form and see a JP, but this service has done it all for me. Thank you.'*
  - *'I just did my tax return and found lost super I never knew I had AND consolidated it all in about 7 minutes. Didn't have to print anything, didn't have to keep entering my details over and over. Brilliant. Website is great thanks'*
  - *'It was so easy to consolidate my superfunds.'*

### Technical notes

- ATO Online Superannuation Services survey (November 2015).
- There is no ongoing measurement of service satisfaction at this level of granularity because in 2015 the ATO moved to a more holistic and regular measurement program for its web services.
- This does not measure the level of member satisfaction or otherwise with individual super funds and online experiences.

## 6.3 Employer segment benefits

### 6.3.1 Standards adoption rate (employer contributions)

#### Pre SuperStream

Change in the industry was slow and employers saw a significant growth in their workload from multiple fund processing arrangements as a consequence of the choice legislation.

#### Post SuperStream

SuperStream largely reduced employers' compliance costs to conduct payroll processing and meeting SG processing requirements.

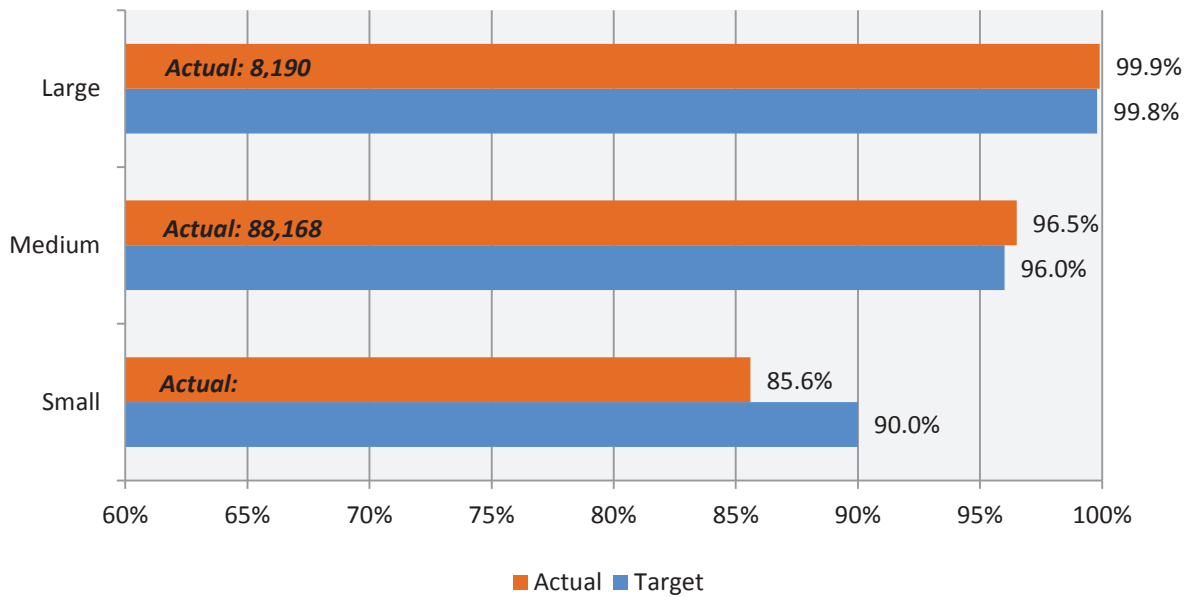
The industry could not on board all employers at once and therefore a staggered implementation over two years was commenced. It was also recognized that a small percentage of small employers would be unable to adopt the new standards due to technology, other impediments, and labour turnover.

#### Metrics Descriptor

This metric measures the percentage of employers who have adopted the SuperStream standard and therefore achieved legislative compliance.

### Contributions adoption rate - Employers to December 31, 2016

*n=768,147*



#### Achievements to date

- High conformance rates have been achieved in all three employer segments – large, medium and small.
- The large and medium segments have passed their target conformance rates while small business is within 5% points. Small businesses had a later compliance date and are continuing to improve with on boarding efforts.
- The adoption rate is a lead indicator for employer efficiency and timeliness improvements, as well as having downstream value impacts for funds.

#### Technical notes

- Benefits data was sourced from ATO Employer Survey, Colmar Brunton Research (May 2015, June 2016).
- Extrapolation to 31 October 2016 based on SRF 711.0 data (September 2016) and SuperStream Implementation Small Business Checkpoint (June 2016).

## 6.3.2 Transaction processing cost

### Pre SuperStream

Processing of super guarantee contributions was a time consuming and costly exercise for many employers due to the paper-based environment. Funds and clearing houses provided improved solutions, although the choice legislation meant more funds were accessed by employees to increase the compliance burden for employers.

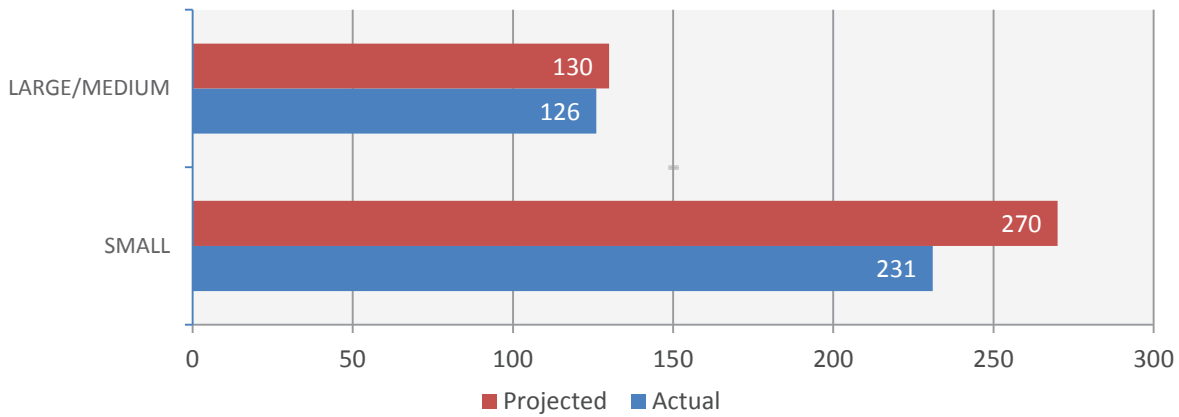
### Post SuperStream

SuperStream provided a more efficient channel overcoming the burden of multiple funds and reducing the occurrence of rework due to better data quality.

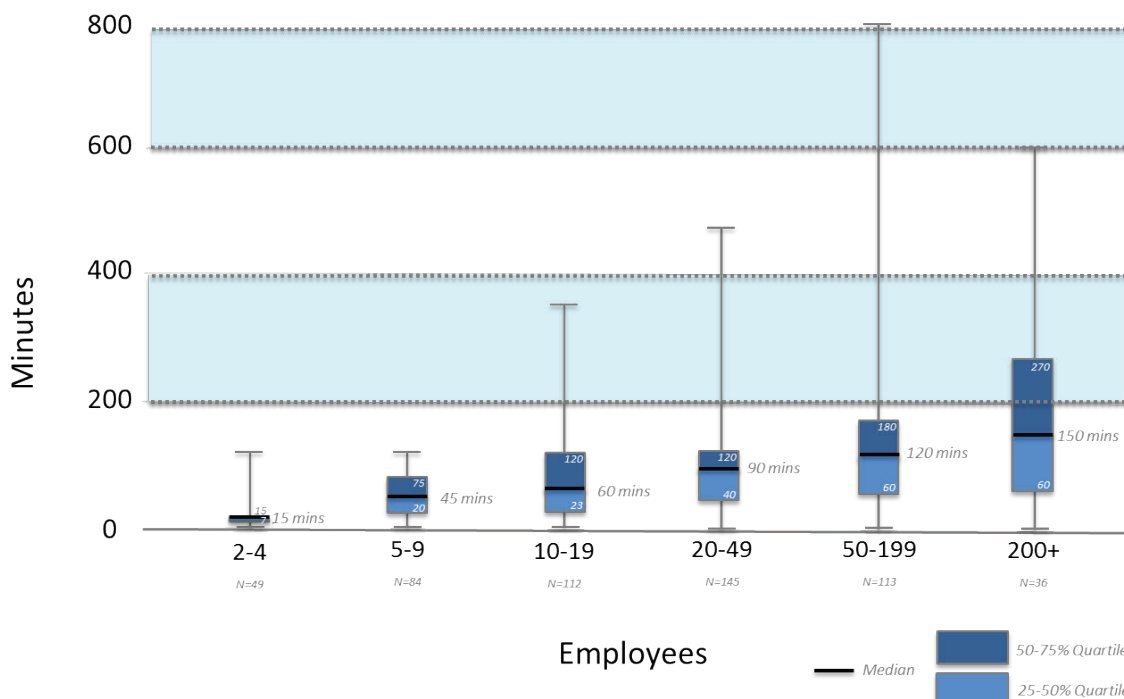
### Metric Descriptor

This metric measures the value of efficiency gains achieved by employers for the costs of processing contributions after SuperStream's implementation.

Employer processing cost efficiency  
\$m (at 31 Dec 2016)



Average time savings per employer group



## Achievements

- Employers typically save about 70% of the time previously spent on undertaking each contributions cycle, irrespective of how frequently they pay super.
- In dollar terms, these time savings equate to around \$400 million in efficiencies with about \$130 million and \$270 million in the large-medium and small employer segment respectively.

## Technical notes

- This dollar value is derived from estimates of time savings provided by employers (Colmar Brunton, 2015), adoption rates by employer segment (Colmar Brunton 2015 and 2016; ATO, 2016) and an industry modelling tool developed by the ATO based on its data holdings of Australian employers.

## 6.3.3 Employer experience benefits

### Pre SuperStream

The employer experience, particularly with small business, was a very paper orientated, time consuming exercise with a large volume of correspondence and calls with funds to ensure employee SG was correctly paid. This burden increased as the workforce become more mobile and choice legislation was acted upon.

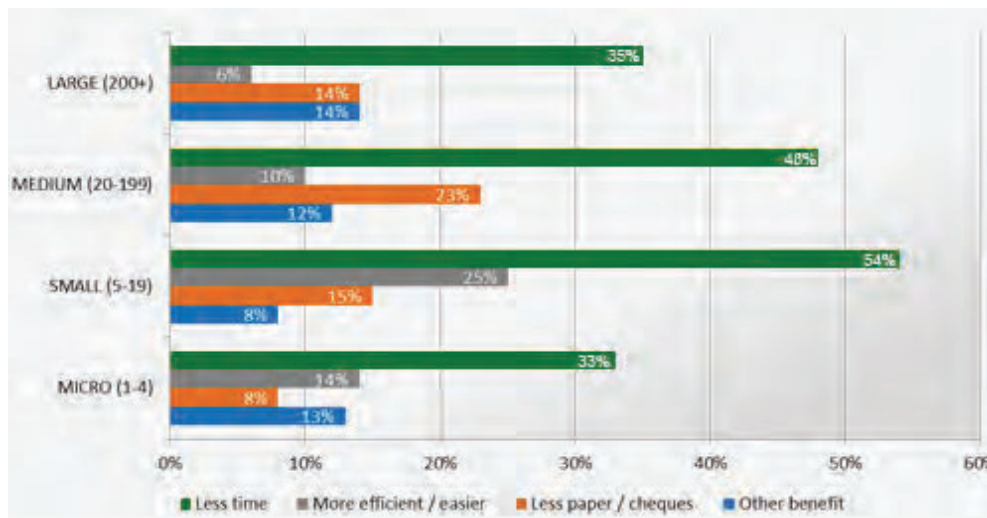
### Post SuperStream

The large majority of employers expressed positive sentiments about their and their employees improved experiences.

### Metric Descriptor

This metric measures the type of benefits experienced by employers after implementation of the SuperStream standard in their business. These are unprompted responses.

Employer experience benefits  
(2015, 2016 data)



## Achievements to date

- A substantial proportion of employers across all segments recorded significant benefits from the implementation of SuperStream.
- The most significant benefits were 'less time' and 'less paperwork/cheques'.
- Small business in the 5-19 employee range commonly experienced the most benefits.

## Technical notes

- All data derived from the Colmar Brunton (2015) and (2016) surveys of employers.
- 2015 survey: Large sample of n=49 and Medium sample of n= 324.
- 2016 survey: Small sample of n=248 and Micro sample of n=137.
- Respondents could provide multiple answers, including 'no benefits at all'.
- Respondents who nominated 'faster/quicker' as a benefit were grouped with 'less time'.



## 6.4 Fund segment benefits

### 6.4.1 Standards adoption rate

#### Pre SuperStream

The industry had made some attempts at standardizing processing but recognized regulation was needed to achieve full industry support. Without this support it was difficult to see the required change being adopted.

#### Post SuperStream

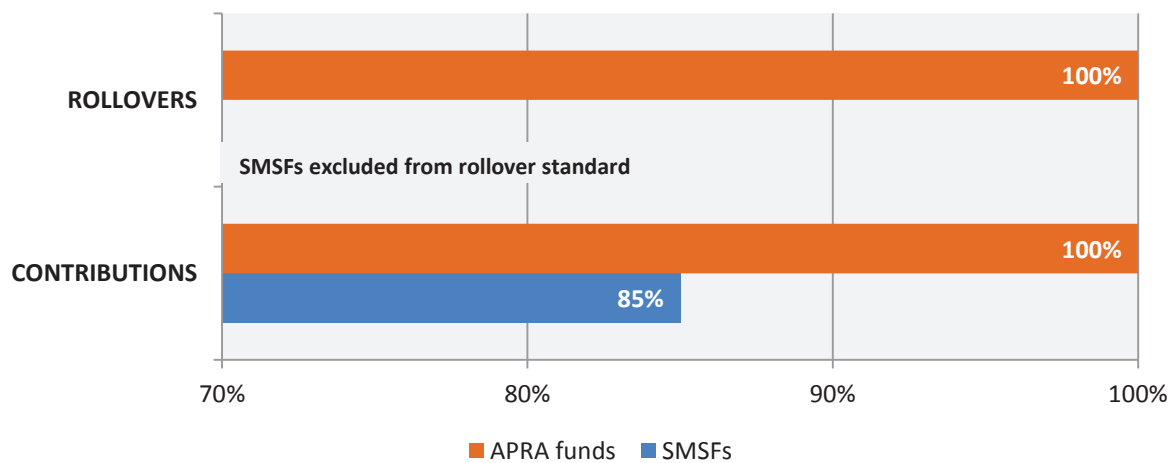
SuperStream introduced a data and payment standard to drive

more automated and timelier processing of transactions. The standard was designed to improve efficiency and data quality.

#### Metric descriptor

This metric quantifies the percentage of funds who have adopted the SuperStream standard for processing contributions and rollovers, thereby achieving legislative compliance. Both APRA funds and SMSFs are included.

**Standards adoption rate Funds - Contributions & Rollovers**  
*as at 31 December 2016*



#### Achievements to date

- All APRA funds achieved conformance with the SuperStream standard for rollovers by 30 June 2014, with 98% conformance by February 2014 at the end of the ATO induction period.
- All APRA funds achieved conformance with the SuperStream standard for contributions by 30 June 2015.

#### Technical notes

- ATO implementation records.

## 6.4.2 Contributions processing cost (APRA funds)

### Pre SuperStream

In 2010, manual processes were still the norm in the super industry; cheques predominated even in transactions between funds; and exception processes were at times the main business and costly to run.

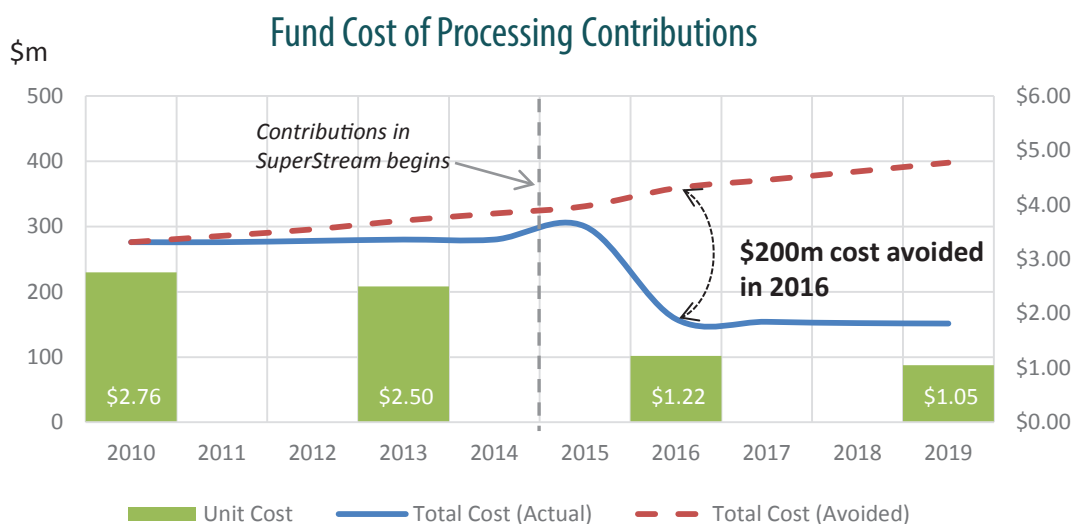
### Post SuperStream

Standardisation brought consistency, data integrity and ultimately

efficiency. Automation and data quality have significantly reduced overheads.

### Metric Descriptor

This metric measures the change over time in the cost of APRA funds processing contributions.



### Achievements to date

- Costs of contributions' processing for APRA funds has reduced from about \$276 million in the 2010 financial year (average unit cost of processing a contribution is \$2.76) to about \$158 million in the 2016 financial year (average unit cost of \$1.22). This is a net reduction in cost over the six-year period of about \$118 million or 42% from the 2010 baseline.
- Average unit costs have reduced by nearly 56% since 2010 and can be expected to decrease by at least a further 6.0% by 2019 as the system matures, the initial investment costs are amortised, and contributions' volumes rise.
- The significance of this change can also be seen by looking at costs avoided over this period had the contribution methods stayed the same. The combined impact of higher unit costs and growing volumes suggest that about \$200 million has been saved in 2016 and by 2019 this will be approximately \$247 million per year, with a cumulative \$897 million of avoided costs.

### Technical notes

- Costs in the 2016 financial year are actual costs as reported by funds in the SRF 711.0 SuperStream Benchmarking Report. The costing methodology between individual funds is inconsistent, and therefore the aggregate has some limitations.
- The projections for the 2019 financial year assume that SuperStream processing costs have not yet stabilized, with further reductions anticipated as arrangements are refined. Concurrently, contribution volumes keep growing at around 3.5% per annum (through labour force growth and more monthly payers).
- Costs in the 2010 and 2013 financial years have been derived from a variety of sources including ATO holdings, Rice Warner and fund advice.
- Many funds have highlighted that these efficiencies are not reflected in lower overall operating costs (or fees) as administrative activity has shifted towards more value-added

### 6.4.3 Contributions processing time (APRA funds)

#### Pre SuperStream

With the existing manual process and data quality issues, funds could take up to 30 days to process contributions.

#### Post SuperStream

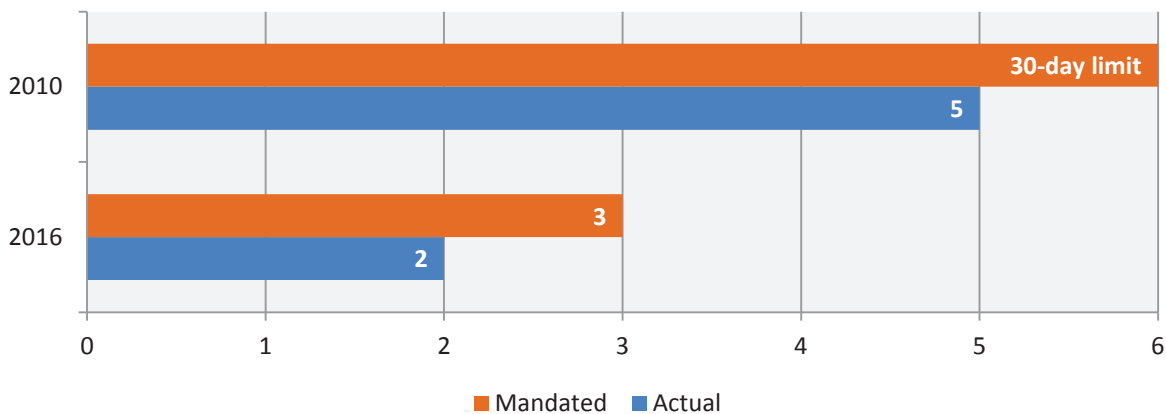
SuperStream introduced a legislative three-day rule to the processing cycle.

#### Metric descriptor

This metric measures the time taken for a sending fund to process a member contribution received from an employer, once the minimum necessary information required was supplied. It is based on performance within the three-day processing rule as stipulated by regulation.

#### Contributions processing times (days)

*Actual based on 85th percentile*



#### Achievements to date

- Since 2009-10, contributions' processing times by funds has improved markedly as a result of:
  - fewer cheque-related delays
  - reduced exception rates and standardised data and money from employers
  - a focus by funds on complying with the three-day processing rule.

#### Technical notes

- This metric measures actual allocation to a member's account, not simply receipt by a fund or initial processing time.
- In 2010, delays in processing were driven in part by the large proportion of cheque payments used by employers. This

introduced a three-day clearance delay on money and reconciliations.

- The generally low levels of straight-through processing, apart from the component associated with cheque related transactions, also contributed to slower processing rates.
- There was a lack of meaningful statutory limits on processing times for contributions, with some member monies being held in suspense and queried with the employer weeks after it was received.
- The actual days in 2016 was an estimate based on the high level of straight-through processing averaging one day or less.

## 6.4.4 Rollovers processing cost (APRA funds)

### Pre SuperStream

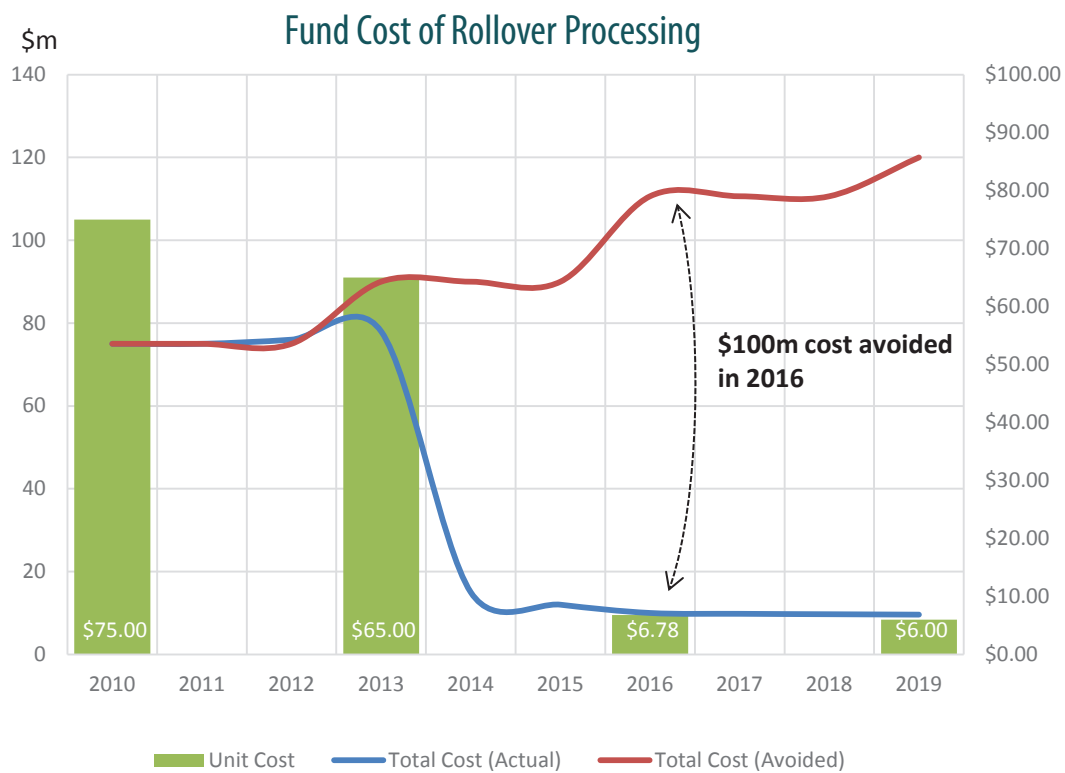
Prior to SuperStream, straight-through processing for rollovers did not exist. It was a manual process stymied by identity matching issues and multiple and lengthy correspondence exchanges before the rollover could be processed.

### Post SuperStream

Provision of SuperTICK for funds to provide identity validation has been a significant saving to the proof of identity process.

### Metric descriptor

This metric measures the change over time in the cost of processing member rollovers from one APRA fund to another. Rollovers into and out of SMSF's were not included in the SuperStream legislative changes.



### Achievements to date

- The rollover implementation for SuperStream was completed in 2013-14 with savings beginning almost immediately when early adopters began processing in October 2013.
- The costs of rollover processing for APRA funds has reduced from about \$75 million in the 2010 financial year (average unit cost of processing a rollover is \$75.00) to around \$10 million in the 2016 financial year (average unit cost of \$6.78). This is a net cost reduction over the six-year period of about \$65 million or 87% from the 2010 baseline. .
- The most significant contributor to cost reduction has been the elimination of proof of identity manual processes between the member and the sending fund, alongside the near elimination of cheque payments.
- The significance of this change can also be seen by looking at costs avoided over this period had rollover methods stayed the same. The combined impact of higher unit costs and growing volumes (from increased consolidation activity) suggest that about \$100 million was saved in 2016 , and by 2019 this will be about a cumulative \$412 million (from the rollover introduction in 2013-14).

### Technical notes

- Costs in the 2016 financial year are based on estimates derived from rollover volumes reported by gateway providers to the ATO. Unit costs were benchmarked with a sample of representative funds.

## 6.4.5 Rollovers processing time (APRA funds)

### Pre SuperStream

Prior to SuperStream, fund members could wait up to an average of 45-60 days for their Rollover request to be processed. Delays in processing resulted in 40% or more rollover requests being abandoned by members.

### Post SuperStream

The standard requires allocation within three days. The ATO does

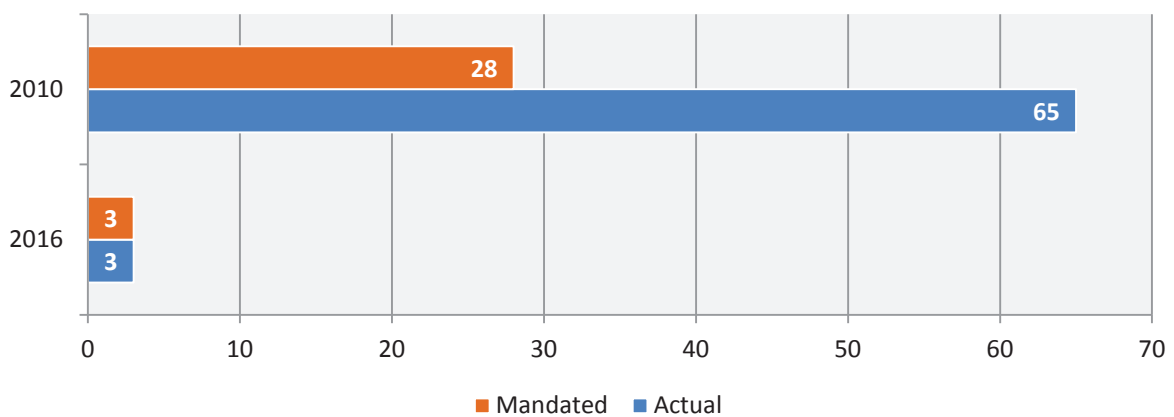
not hold any formal processing reports but has seen a sample of fund processing statistics stating that the three day processing is largely being met.

### Metric Descriptor

This metric indicates the time for a sending fund to process a rollover request received from a member of another APRA fund, once receiving all information.

### Rollover processing times (days)

*Actual based on 85th percentile*



### Achievements to date

- Processing times for rollovers are now less than three days (based on the 85% percentile in rollover volumes received)
- This is a fundamental turnaround from processing rates in the base year 2010 when actual rates were often 65 or more days (and lengthy delays were common due to manual POI processes).

### Technical notes

Data sourced from Cooper Review (2010), SuperStream Working Group notes and ATO discussions with funds.

## 6.4.6 Data quality (APRA funds)

### Pre SuperStream

Prior to SuperStream the lack of automation and real-time validation and correction services resulted in manual processing and a growing number of exceptions (for example, missing member information, incorrect TFNs and lost accounts) as transaction volumes increased.

### Post SuperStream

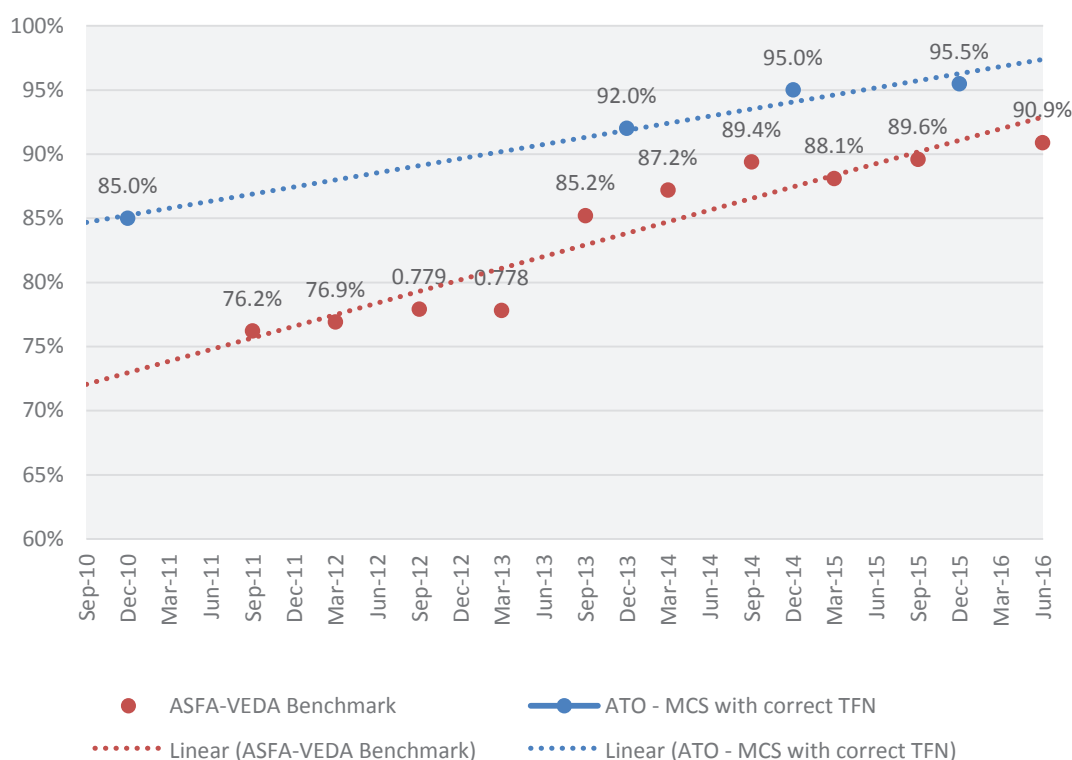
The SuperTICK service has brought a significant improvement to data quality. Similarly, the mandatory data requirements have led to efficiencies and opportunities not previously available.

### Metric descriptor

This metric quantifies member data quality held by APRA funds.

It aims to enable the processing and allocation of monies to accounts in a timelier manner from reducing lost member accounts due to incomplete or incorrect information provided by funds or employers.

Data Quality - APRA Funds



### Achievements to date

- Steady increases in data quality are observable over time from both comparative data sources.

### Technical notes

- Data sourced from ASFA-VEDA Data Benchmark (various) and ATO-MCS data (unpublished). These are independently collated data sources.
- ASFA-VEDA Data is an index based on a field sets defined as core member details. The benchmark encompasses the actual non-transactional data fields in SuperStream (full name, date

of birth, current address and TFN) and other non-transactional fields (date joined fund, beneficiary and gender) that APRA has linked to the prudential standards.

- All member fields specified as required from employers by the ATO are tested.
- ATO-MCS data is focused on correctly matching TFN's to a person's name.
- A 4% improvement of MCS data equates to approximately 1.3 million corrections no longer required.

## 6.5 ATO segment benefits

### 6.5.1 Conformance with SuperStream standard

#### Pre SuperStream

While the ATO was custodian of the Standard Business Reporting standard, this didn't apply to its superannuation processing transactions.

#### Post SuperStream

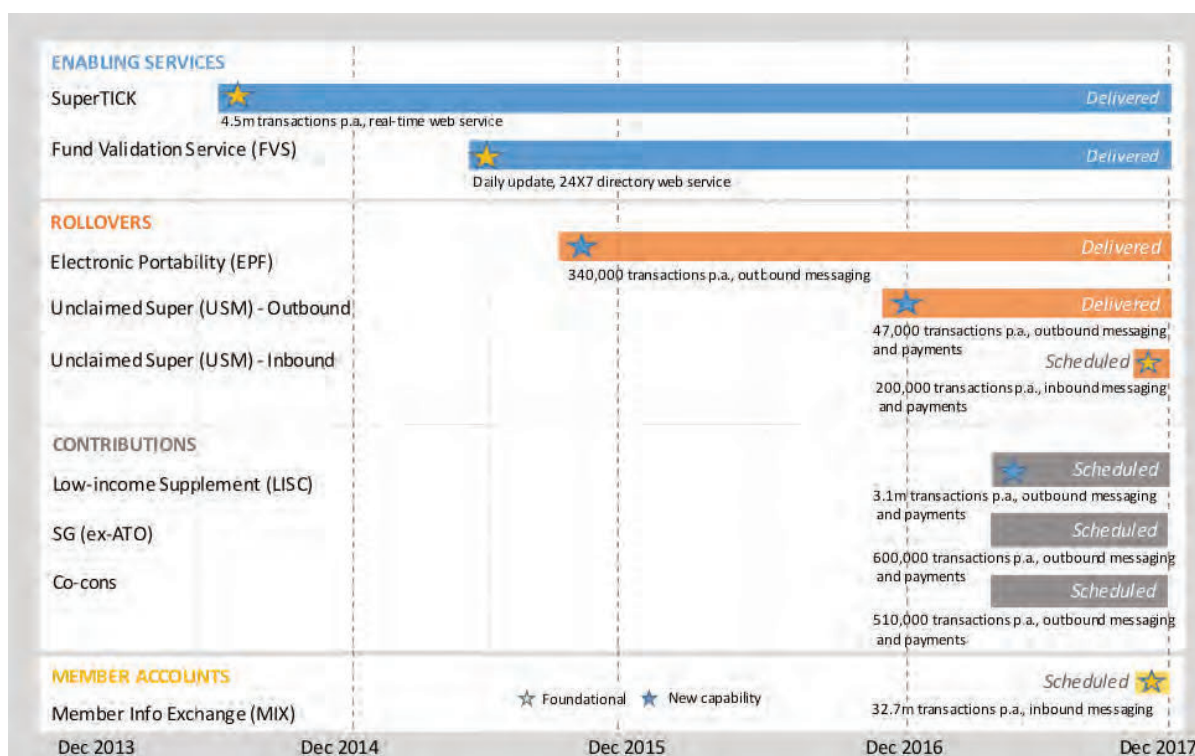
Using the SuperStream standard, the ATO has implemented a range of enabling services and made changes to key interactions

with APRA funds. For example, a series of changes to B2G and G2B reporting, as well as data systems aligned to the standard.

#### Metric descriptor

The ATO's commitment to the standard has raised business confidence, especially our ability to support key transactional services. These services also provide growing network benefits to the whole system and were the pre-cursor to lower costs.

### Conformance with the SuperStream Standard (ATO)



#### Achievements to date

- Four of the nine (44%) key transaction areas are complete with design, build and scheduling work finished for the remainder.
- Most of the new capabilities required for SuperStream have been delivered and are operational.

## 6.5.2 Re-work rates

### Pre SuperStream

The paper-based system lacked integrity producing unnecessary follow-up or validation. Data requirements were driven by the fund which resulted in a multitude of requirements and rework scenarios.

### Post SuperStream

Getting key member data right at the source of the business process was a SuperStream objective. Transition of ATO outbound (G2B) and inbound (B2G) transactions to data standards has improved data integrity and automated handling of exchanges resulting in fewer errors and less manual handling by the ATO with flow on benefits to industry.

### Metric descriptor

This metric gauges the re-work rate associated with processing ATO-held member data, especially on outbound transactions to funds.

The metric quantifies the potential reduction in error rates that could be achieved in the transfer, processing and allocation of monies to member accounts.

Historically, the most important negative indicator of this error rate is the volume of sent and received Payment Variation Advices (PVA) relative to overall transaction levels.

Improvements are targeted to high volume transaction types including:

- Unclaimed Super Monies
- Low-income supplement
- Super Guarantee (ex-ATO)
- Co-contributions



## 7. Further SuperStream deliverables and opportunities

While much of the Cooper Review has been successfully delivered, some things are still to be delivered and other opportunities to be pursued. These are:

- completing the transformation of reporting/information exchanges between funds and the ATO, and integrating the 2016 Budget superannuation policy changes into this framework
- fully integrating SMSF's into the online rollover process and removing leftover manual processing (through regulation change and introduction of a SMSF Validation Service as part of the FVS)
- building greater resilience into ATO's enabling services to raise reliability for stakeholders
- continuing to develop a robust change management process for managing major and minor version upgrades to contributions and rollovers
- maturing the response messaging framework to work effectively as a feedback mechanism to all employer contributions (supporting data correction/cleansing at source)
- increasing member consolidation rates by, for example, enabling the ATO to refer matched account details to unclaimed monies above the current legislative threshold
- extending the capabilities and lessons of SuperStream into Single Touch Payroll while adding new advances in the employee commencement process and closing the SG compliance gap
- further strengthening the interconnectedness of the super ecosystem by a stronger member experience and engagement across both tax and super areas with natural touch points across people's working, home and civic life
- incorporating emerging payment systems such as New Payments Platform (NPP) to accelerate payments to near real-time (therefore matching the data messaging features of SuperStream) and potential further streamlining simple data transactions
- extending SuperStream standards, messaging and gateway network capabilities into new transaction domains and service needs (such as custodial services, insurance and invoicing)
- exploring the next generation technology opportunities such as breakthrough ideas in the fields of block chain (distributed ledger) and identity management.

## 8. SuperStream enduring elements

While noting that there is further SuperStream work to be done, this report highlights that it has already delivered a range of benefits to fundamentally improve the superannuation system experience for fund members, employers and funds.

These enduring elements are:

- a legal framework stipulating mandatory the use of both digital messaging and data standards
- a shared messaging and data infrastructure including: a government hub; a commercial gateway network; a wide range of platform connections for both funds and employer transactions; and an open standards, multi-purpose platform which is readily adaptable to respond to new government policy initiatives and commercial innovations
- enabling data services to fasten and assure critical identity and a directory function processing, especially with the ATO now a key enabler in every B2B transaction
- stakeholder collaboration which extends end-to-end into co-design, release planning, continuous improvement and problem solving
- a maturing measurement framework for assessing efficiency, quality, and stakeholder engagement of the operational parts of the super system.

These are all features which were absent from the pre-2010 environment but are now part of the SuperStream initiative. They provide a foundation not only for the sustainment of what has already been delivered, but a strong platform for further reform and innovations.

All stakeholders need to share in maintaining and adapting these core elements to meet future challenges in an ever-changing environment.

## 9. Appendices

### 9.1 Key reference documents

1. *ABR Program Savings Review*, Deloitte, 24 March 2016 (unpublished)
2. [Annual Superannuation Bulletin](#), APRA, 2016 (and various time series)
3. [ASFA-Veda data Benchmark](#), The Association of Super Funds of Australia, June 2016 (and prior year series)
4. [Cost of Recent Regulatory Change](#), Tria Partners Report for the Financial Services Council, 19 July 2016
5. [Fund to Fund Rollover Pilot Update](#), IFF, June 2011
6. [“Leading superannuation practitioners unite to deliver industry improvements”](#), Media Release, Affiliation of Superannuation Practitioners, 29 March 2011
7. “Payment Costs in Australia”, C. Schwartz, J. Fabo, O. Bailey and L. Carter in *Payment System Review Conference*, Proceedings of a Conference, Reserve Bank of Australia, Sydney, 2007, pp 88–138
8. “Regulation Impact Assessment on Employers”, Revenue Analysis Branch, ATO, November 2016 (unpublished, classified document)
9. *Superannuation Data and Payment Standards 2012*
10. [Superannuation Industry \(Supervision\) Regulations 1994](#)
11. [Superannuation Industry \(Supervision\) Amendment Regulations 2011 \(No.4\)](#)
12. [Superannuation Industry \(Supervision\) Act 1993](#)
13. *Superannuation: Inspiring Excellence*, 2015 ASFA/PWC CEO Superannuation Survey
14. *Superannuation Legislation Amendment (Choice of Superannuation Funds) Act 2005*
15. [Superannuation Legislation Amendment \(Stronger Super\) Act 2012](#),
16. [Superannuation Reform. Final Report](#), Colmar Brunton, 2 December 2015
17. [SuperChoice submission to Cooper Review](#), 2010
18. Super Reform Program Benefits Profiles, ATO (unpublished)
19. [Super Savings](#), J.Minifie, T.Cameron & J.Savage, Grattan Institute, April 2015
20. [SuperStream: A proposal to bring the back office of super into the 21st century— Phase 2 Preliminary Report](#), Commonwealth of Australia, 22 March 2010 (Cooper Review – Prelim Report)
21. [SuperStream Benchmarking Measures \(SRF 711.0\)](#), APRA, July 2015
22. *SuperStream Benchmarking Report (SR711): Status and trends in contributions processing by superannuation entities, March Quarter 2016*, ATO (unpublished)
23. *SuperStream Implementation - Small Business Checkpoint: A report on recent small business research results*, ATO, June 2016 (unpublished)
24. SuperStream Small Business Implementation, Colmar Brunton, Draft Report, 1 July 2016
25. [Super System Review – Final Report](#), Commonwealth of Australia, 2010 (Cooper Review)
26. [The \\$20 billion prize](#), An Industry Blueprint to Implement SuperStream, Financial Services Council and Ernst & Young, August 2010 (referenced page 5 & 14)
27. “The Evolution of Payment Costs in Australia”, C. Stewart, I. Chan, C. Ossolinski, D. Halperin and P. Ryan, Research Discussion Paper, Reserve Bank of Australia, December 2014
28. *Superannuation Data and Payments Standards 2012*
29. [“swimEC makes Super payments easier for employers”](#), Press release, 4 April 2005
30. [Tax and Superannuation Laws Amendment \(2014 Measures No. 4\) Regulation 2014](#), (Select Legislative Instrument No. 211, 2014)

## 9.2 Terms of Reference

The then Minister for Superannuation and Corporate Law, Senator the Hon Nick Sherry, announced the Super System Review (Review) on 29 May 2009. The terms of reference was announced as:

### Scope

- 1 The Review will comprehensively examine and analyse the governance, efficiency, structure and operation of Australia's superannuation system, including both compulsory and voluntary aspects, addressing, but not limited to, the following issues:
  - 1.1 Governance: examining the legal and regulatory framework of the superannuation system, including issues of trustee knowledge, skills and training; and thoroughly assess the risks involved in the use of debt and leverage and the development of investment options that lead to a weakening of the diversification principle in the superannuation system;
  - 1.2 Efficiency: ensuring the most efficient operation of the superannuation system for all members, whether active or passive members and whether making compulsory or voluntary contributions, including removing unnecessary complexities from the system and ensuring, in light of its compulsory nature, that it operates in the most cost effective manner and in the best interests of members;
  - 1.3 Structure: promoting effective competition in the superannuation system that leads to downward pressure on system costs, examining current add-on features of the superannuation system; and, examining other structural legacy features of the system; and
  - 1.4 Operation: maximising returns to members, including through minimising costs, covering both passive defaulting members, who should receive maximum returns and value for money through soundly regulated default products, and active selecting members, who should not be negatively impacted by conflicts of interest that may inhibit advice being in the best interests of members.
- 2 The Review to be conducted around the concepts of the best interests of the member and the maximising of retirement incomes for Australians.
- 3 The Review to be conducted with reference to improving the regulation of the superannuation system, whilst also reducing business costs within the system.
- 4 The Review will be a systemic examination, including all superannuation fund sectors.
- 5 In conducting its work, and in determining its recommendations, the Review will have regard to the Communiqué of Principles (see separate attachment to this release).
- 6 The Review will comparatively examine international jurisdictions and will consult with experts as needed from other jurisdictions.
- 7 The Review is excluded from considering the issues before the Australia's Future Tax System review concerning system inputs such as the level of superannuation contributions, taxation including taxation concessions and other incentives.
- 8 The Review is excluded from considering the development of a superannuation clearing house or the project addressing the consolidation of lost accounts, as these are the subject of separate and already commenced processes.

### Composition and Consultation

- 9 The Review to be led by an expert panel made up of a full-time Chair and five part-time members, supported by a secretariat drawing on the skills of the key policy and regulatory agencies of the Commonwealth, as well as market expertise. The Review may also draw on external expertise where necessary.
- 10 The Review will consult the superannuation industry, other stakeholders and the broader public.

### Timing

- 11 The Review will make recommendations to the Government by 30 June 2010 on possible options for reform, including appropriate transitional arrangements. The Review may report on particular issues prior to the finalisation of the final report.

## 9.3 Media release: Stability for the SuperStream gateway network

The screenshot shows a media release page from the Australian Government Treasury website. At the top, there is the Australian Government logo and the Treasury Portfolio Ministers logo. Below this is a navigation menu with links for 'All ministers', 'Biography', 'Media Releases', 'Speeches', and 'Transcripts'. The main content area features a profile for Arthur Sinodinos, Assistant Treasurer, with a photo and dates from 18 September 2013 to 19 December 2014. The media release is dated 21 February 2014 and is titled 'Stability for the SuperStream gateway network'. The text of the release discusses the Assistant Treasurer's announcement of arrangements to provide certainty and stability to the superannuation industry by setting in place a governance structure for the SuperStream gateway network. It details the project's goals, the role of the Australian Taxation Office (ATO) during the transition, and the expectation that the industry will work together to ensure a smooth transition to self-regulation. The release concludes with a statement of government commitment to SuperStream and the ATO's ongoing role.

**Australian Government**  
The Treasury

**TREASURY**  
PORTFOLIO MINISTERS

All ministers  
Biography  
Media Releases  
Speeches  
Transcripts

**Arthur Sinodinos**  
Assistant Treasurer  
18 September 2013 - 19 December 2014

21 February 2014 [Media Release](#)

### Stability for the SuperStream gateway network

The Assistant Treasurer, Senator the Hon Arthur Sinodinos AO, today announced arrangements to provide certainty and stability to the superannuation industry by setting in place a governance structure for the SuperStream gateway network.

SuperStream is a project to introduce e-commerce to the 'back office' of the superannuation industry, reducing transaction costs and processing times. SuperStream reforms are estimated to deliver savings of \$1b annually to industry.

The gateway network is a key part of the infrastructure required to ensure that SuperStream delivers maximum benefits to employers, superannuation funds and fund members.

While the network is bedded down, the Australian Taxation Office (ATO) will, for a period of two years only, have stewardship of the SuperStream gateway network. It will convene a governance group made up of industry participants, including gateway operators, superannuation funds and employer representatives. During this initial two year period, the ATO will be responsible for providing clarity and certainty to the gateway operators and other members of the superannuation industry regarding the network's operation.

One of the key functions the ATO will undertake during this time will be to facilitate an industry agreement on the design of a self-regulated, industry-funded governance body. The ATO will put in place the required administrative framework to allow for a smooth transition to self-regulation, which will occur in the second quarter of 2016.

It is the expectation of the Assistant Treasurer that the industry will work together to ensure this outcome is achieved. After transition the ATO will maintain only a participatory role as a member of the governance body.

This announcement provides certainty and stability to participants in the superannuation industry during this period of reform.

The Government remains committed to SuperStream and the ATO will continue to work closely with superannuation funds, fund administrators, employers, and software developers as SuperStream continues to be implemented.

**Australian Government**  
The Treasury

**Portfolio Ministers**  
Treasury Portfolio Ministers

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## Appendix F – Letters of Support



AUSTRALIAN INSTITUTE of  
SUPERANNUATION TRUSTEES

Daniel McCracken-Hewson  
Competition Exemptions  
Mergers Exemptions and Digital  
Australia Competition and Consumer Commission  
17/2 Lonsdale Street  
Melbourne Vic 3000

25 March 2021

Dear Daniel,

**Gateway Network Governance Body Ltd - Application for Revocation and New Authorisation**

I refer to the Gateway Network Governance Body Ltd's (GNGB's) application for exemption from the *Competition and Consumer Law Act* replacing authorisations granted on 19 December 2016 to the Association of Superannuation Funds of Australia (**ASFA**) for certain stewardship arrangements for the Superannuation Transaction Network (STN) being numbers A91548 and A91549.

I am writing to confirm AIST's support for granting a further exemption for the proposed conduct under the Revised Memorandum of Understanding being undertaken by Gateway Operators and GNGB.

The administration of compliant superannuation transactions is dependent on the critical data infrastructure supplied by the Superannuation Transaction Network (STN). GNGB plays a key role in ensuring the security, integrity and efficiency of the STN through:

- the management of data and security standards
- entry and exit criteria and processes for participants and
- providing assurance to stakeholders of the network.

As an industry owned governance body we find that the GNGB delivers greater accountability to industry stakeholders for continuous improvement and efficiency, as well as a range of security initiatives that benefit industry and ultimately the millions of Australians with superannuation accounts.

AIST's view is that the public benefits in support of the application remain broadly consistent with the public benefits identified for the 2016 authorisations.

Yours sincerely,



Eva Scheerlinck  
Chief Executive Officer



31 March 2021



Daniel McCracken-Hewson  
Competition Exemptions  
Mergers Exemptions and Digital  
Australia Competition and Consumer Commission  
Level 17, 2 Lonsdale Street  
Melbourne Vic 3000

By email

Dear Mr McCracken-Hewson

**Re: Gateway Network Governance Body Ltd - Application for Revocation and New Authorisation**

I am writing in relation to the Gateway Network Governance Body Ltd's (**GNGB's**) application for exemption from the Competition and Consumer Law Act, which replaces authorisations A91548 and A91549 previously granted to the Association of Superannuation Funds of Australia (**ASFA**) in 2016 for certain stewardship arrangements for the Superannuation Transaction Network (**STN**).

The Financial Services Council (**FSC**) supports granting the exemption for the proposed conduct under the Revised MoU being undertaken by Gateway Operators and GNGB.

The FSC considers that the benefits of the current application are consistent with those identified as part of the 2016 authorisation, and these benefits have been seen in practice over the period of the GNGB's operation.

The industry governance model has proven efficient and promotes ownership and responsibility among stakeholder organisations. The standards set by the GNGB for Gateway Operator participants ensuring the ongoing security and integrity of the STN, achieving the intent of the Government's SuperStream measures.

This model has matured significantly since inception and has resulted in good outcomes for stakeholders and the broader community, while reducing administrative burden and the need for Government oversight.

As a co-sponsor member of the GNGB, the FSC continues to support the important role the GNGB plays in the superannuation ecosystem.

Yours Sincerely

  
Sally Loane  
**Chief Executive Officer**

Dr Martin Fahy

Email: [REDACTED]

23/03/2021

Daniel McCracken-Hewson  
Competition Exemptions  
Mergers Exemptions and Digital  
Australia Competition and Consumer Commission  
Level 17  
2 Lonsdale Street  
Melbourne Vic 3000

By email

Dear Daniel,

**Re: Gateway Network Governance Body Ltd - Application for Revocation and New Authorisation**

I refer to the authorisations granted on 19 December 2016 to the Association of Superannuation Funds of Australia (**ASFA**) for certain stewardship arrangements for the Superannuation Transaction Network (STN) being numbers A91548 and A91549.

I write to confirm ASFA's consent for the revocation of the 2016 authorisations in favour of the application accompanying this letter and referring to the Revised MoU as scope for the proposed conduct.

ASFA continues to provide support for the governance of the STN being implemented by the industry owned governance body now known as Gateway Network Governance Body Ltd (GNGB), as contemplated in the 2016 authorisations.

ASFA confirms, in our view, the public benefits in support of the application remain broadly consistent with the public benefits identified for the 2016 authorisations.

Yours Sincerely,



Martin Fahy  
Chief Executive Officer